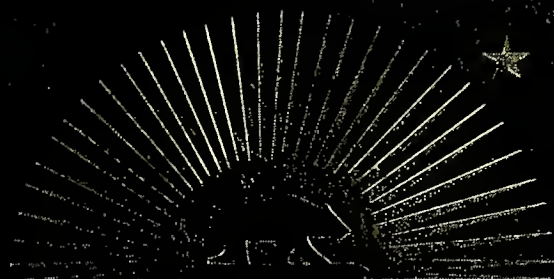


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1999-2000

GRAY DAVIS, GOVERNOR  
STATE OF CALIFORNIA





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# GOVERNOR'S

## BUDGET SUMMARY



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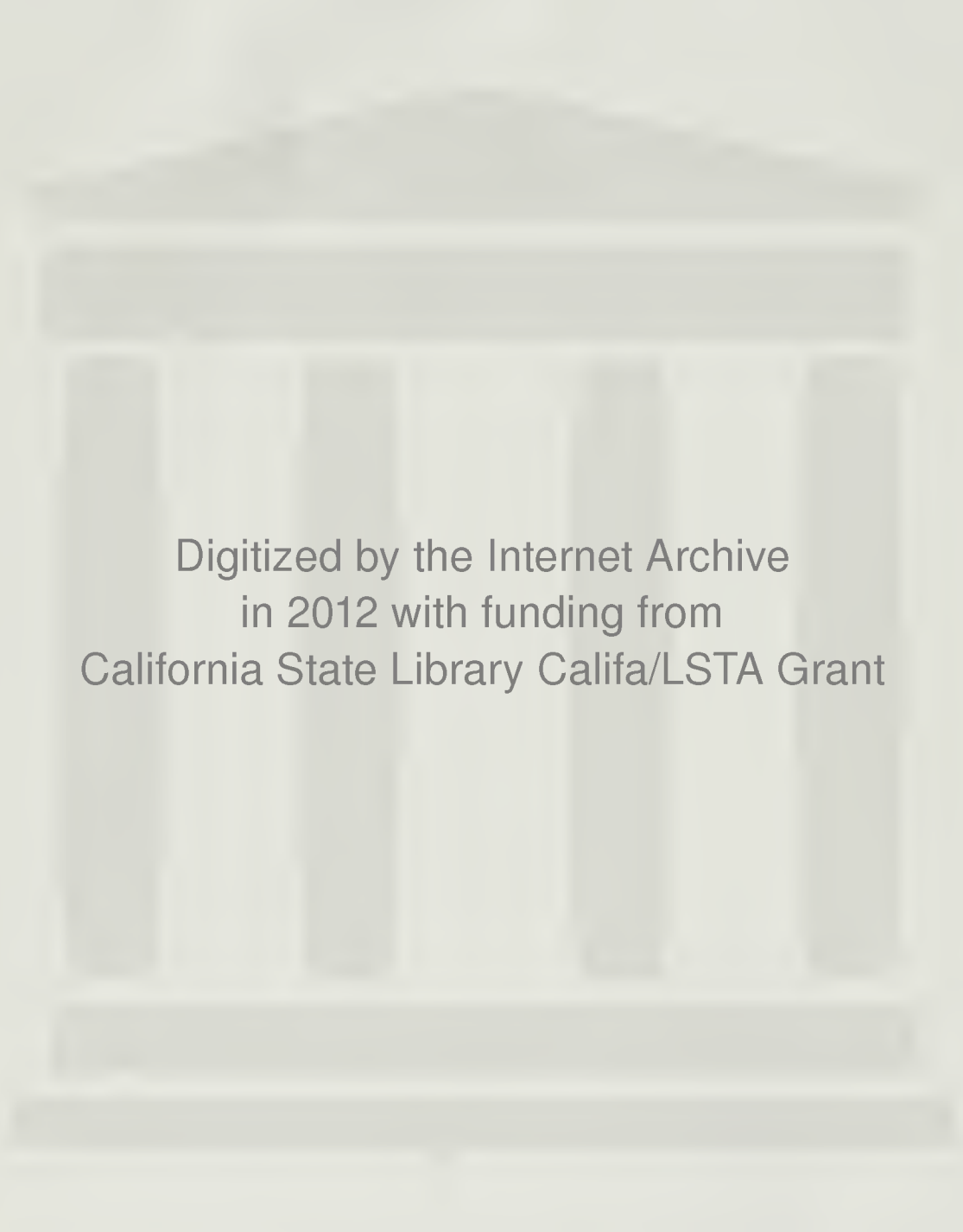
GRAY DAVIS, GOVERNOR

STATE OF CALIFORNIA

*to the*

CALIFORNIA LEGISLATURE

1999-2000 REGULAR SESSION



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## GOVERNOR GRAY DAVIS

January 8, 1999



To the Senate and the Assembly of the California Legislature:

I submit for your consideration the Governor's Budget for 1999-00.

During the past decade the people of California have demonstrated a remarkable resilience. In the wake of the worst recession since World War II the citizens of this state have shown that it is possible to triumph over adversity – and emerge even stronger. And it is true that the fundamentals of California – the economy, its people and its resources -- are strong.

Yet, important work remains to be done. Though serving some students well, the state's educational system fails to provide too many children with basic skills and, consequently, consigns them to lives of limited opportunity. This Administration's highest priority is to raise expectations and improve achievement in education. In the service of these goals, the Budget proposes to invest in efforts to ensure that every student in California schools can read by age nine. We must improve the performance of California's students, teachers, and schools so that our children can become productive, literate citizens.

The Budget includes other modest, though significant, investments in the areas of health care, environmental programs and student aid. The Budget also continues the reductions in fees for students at the state's higher education institutions I urged the Legislature to enact in 1997. In spite of the fact that the pace of economic growth in the state has moderated, these investments are made possible by the exercise of prudent fiscal discipline.

With your collaboration and leadership, we can assure the future of our children and the future of this state.

Sincerely,

A handwritten signature in dark ink that reads "Gray Davis".

GRAY DAVIS

SACRAMENTO, CALIFORNIA 95814 • (916) 445-2841





STATE OF CALIFORNIA

## DEPARTMENT OF FINANCE

OFFICE OF THE DIRECTOR  
STATE CAPITOL, ROOM 1145  
SACRAMENTO, CA 95814-4906



January 8, 1999

Dear Governor:

As Director of Finance, it is with pleasure that I submit to you the 1999-00 Governor's Budget.

The cornerstone of this Budget is its focus on improving the educational performance of kindergarten through 12<sup>th</sup> grade schools throughout California. Specifically, the Budget invests significant additional resources in educational programs designed to raise expectations and achievement on the part of students, teachers, administrators, and parents—in short, the entire school community. These investments are directed particularly at improving reading skills, enhancing the quality of teachers and principals, and increasing accountability in our schools.

In response to your priorities, and in the face of a significant estimated funding shortfall, the Budget also includes other modest investments in the areas of health care, environmental protection programs, and student aid. The Budget also continues the reductions in fees for students at the state's higher education institutions adopted several years ago at your urging. In spite of the fact that the pace of economic growth in the state is moderating, these investments are made possible by the exercise of prudent fiscal discipline and your focus on priorities.

I wish to express my thanks to, and respect for, the staff of the Department of Finance and their families. Preparing a Budget for a new Administration is a task that requires great patience and sensitivity. They have performed this task admirably. The people of California are fortunate to have such dedicated and professional staff.

I look forward to working with you to make 1999 a year of great achievement.

Sincerely,

A handwritten signature in dark ink that reads 'B. Timothy Gage'.

B. TIMOTHY GAGE  
Director





# RAISING EXPECTATIONS, ACHIEVEMENT AND DEVELOPMENT IN SCHOOLS

## READ IN SCHOOLS

**“W**hat I’m going to do...is call a special session of the Legislature to do three things: increase teacher preparation, make sure every child reads by age nine and... improve the...caliber of instruction...to improve the opportunities for every child.”

--Gray Davis, October 15, 1998

California invests nearly \$43 billion, from all fund sources, in K-12 education. With these funds, 5.5 million pupils are provided with the fundamentals of reading, writing, and mathematics. However, today’s world also necessitates going beyond those fundamentals, and requires that our students master an increasingly complex array of information and skills. California’s students come from a wide variety of ethnic, linguistic, and economic backgrounds. The primary goal of our public school system is to ensure that all pupils achieve academic success, and develop to their full potential. To see that this goal is reached, the public is focused on educational accountability and teacher quality.

California’s schools are achieving successes in some areas. More than a third of our high school graduates have completed the required courses for admission to the University of California. In the last 15 years, the number of high school students taking Advanced Placement exams has tripled, with 13.4 percent of those taking the exams passing them. This pass rate is significantly higher than the national average of 9.1 percent. Also, our students’ scores on the Scholastic Aptitude Test (SAT) are increasing, and more than half of our students take the exam. The high school drop-out rate is decreasing steadily, although the precise numbers are difficult to validate. Most of our K-3 students are in classes of 20 or less, which provides these early grades with the intensive educational experience necessary to learn the fundamentals. California now has a statewide test, which will enable us to chart the continuing progress we need to make.

But we can, and must, do better. If we do not, we will continue to fail our children. The most recent scores on the National Assessment of Educational Progress (NAEP) showed that over half—56-percent—of our students scored below basic competency, while nationally, only 41 percent scored at those levels. The first year of results from the Standardized Testing and Reporting System (STAR) showed California with a national percentile ranking of our schools as 39 for reading, and 44 for math. The scores for third grade reading show that 62 percent of our third graders are below the national median. By ninth grade, the news is worse—66 percent of our freshman class is below the national median reading score. Clearly, student achievement must be improved.

K-12 EDUCATION

# K-12 EDUCATION

Any discussion of national comparisons inevitably leads to the issue of funding per student. California has been below the national average since the mid-1970s, but the gap dramatically increased in the early 1990s. Only recently has California been able to invest sufficient resources to begin to regain lost ground. However, while investing new resources is important, any new money must actually improve student achievement. The same thing is true for existing programs: actual, quantifiable success must occur. That can only be done by raising expectations, and requiring schools to meet those expectations.

California schools have recently shown steady improvement of college-bound students. However, our challenge is to be more successful with **all** students, in **all** schools, particularly below-average schools. We must set high expectations, provide support, improve the learning environment, and hold all participants in the school system—policymakers, administrators, teachers, parents, and students—accountable for results. The key is to invest targeted resources into our K-12 system, coupled with a rigorous accountability structure that provides substantial rewards for successful schools, but sets and enforces clear consequences for schools that do not perform up to expectations.

The Governor's Budget for 1999-00 provides \$444 million for a package of initiatives entitled "Raising Expectations, Achievement, and Development (READ) in Schools." The READ Initiative has, at its core, a single objective—to **significantly improve student academic achievement by setting high expectations and rewarding excellent results**. In those schools that cannot show improvement, communities and parents must be given the tools to overhaul these schools. The Administration, in partnership with California's 1,000 school districts and more than 250,000 teachers, will work to give every child in public school the key to lifelong learning—reading competence. Teachers, the single most important ingredient in raising student achievement, will be given training, incentives and rewards to succeed. Once given this support, students, teachers and the schools they attend will be expected to meet higher standards. This is a goal that should involve every Californian.

The new funding will be focused in three major areas:

- ★ Improving Reading Skills
- ★ Enhancing Professional Quality
- ★ Increasing School Accountability

## IMPROVING READING SKILLS

Reading is the gateway skill for all students in California. If we want our children to be productive, literate citizens, we must ensure that they become fully competent readers. Research shows that if students are not reading well by the end of third grade, it is very difficult for them to catch up. Unfortunately, as evidenced by the reading results on the NAEP, our schools rank at or near the bottom of all 50 states. Clearly, this is unacceptable. To help turn around these test results, the Budget includes \$186 million for the following new reading initiatives. Many of these initiatives will be proposed through special session legislation.

**Intensive Reading Instruction Academies.** The Budget provides \$75 million to establish an Intensive Reading Instruction Academy Program for pupils in grades K-4 who are having difficulty reading. Reading instruction may be offered during summer school or intersession breaks, after school, and on Saturdays. The program will provide the equivalent of six weeks of instruction, four hours per day, to ten percent of the pupils in grades K-4. This funding will enable schools to boost the level of instruction provided to struggling readers, particularly those at risk of being retained under the newly enacted social promotion law. To the extent funding for this program is not fully spent in 1999-00, the remaining funds may be used to buy additional classroom reading materials for pupils in grades K-4.

**Classroom Library Purchases, K-4.** The Budget provides \$25 million for elementary schools to create or augment classroom libraries with an extensive selection of good books. Over the past few years, the State has invested heavily in textbook purchases and last year began an effort to bolster school libraries. However, little attention has been paid to the need for books that students can use during classroom reading periods, or checked out and used at home. This funding will help stock the shelves of each K-4 classroom with as many as 50 new books, furnish a stimulating environment for early readers in which to build basic skills, and develop increased appreciation for literature.

**Governor's Reading Call to Action and Recognition Campaign.** The Budget provides \$4 million to the Office of the Secretary for Education to develop and conduct a public involvement campaign to encourage parents, students, and community members to make reading an integral part of everyday life. This campaign will call for all citizens of California to recognize that promoting reading is a universal responsibility. The campaign will promote family reading, encourage private sector support for child literacy programs, and highlight reading as critical for future academic success. An additional \$2 million will be used to initiate the Governor's Reading Awards Program which will provide \$5,000 each to 400 elementary and middle schools whose students meet specified reading targets by reading books designated in the Superintendent of Public Instruction's California Reading Lists. This new incentive program is consistent with the Governor's belief that excellence and achievement should be recognized and rewarded.

**Secondary School Reading Instruction.** The results of the 1998 STAR tests indicate a need for increased emphasis on reading skills for California's secondary school students. The Budget provides \$5 million in Goals 2000 funding for the State Department of Education to identify and disseminate, through a contract with a local education agency, exemplary instructional models for use in teaching reading to secondary school students. This funding will also help ensure that secondary school teachers are equipped to diagnose and correct reading deficiencies.

**English Language Learners.** Nearly 25 percent, or about 1.4 million, of the students in California's schools are English Language Learners (ELL). If we are serious about trying to raise reading achievement for all students, we must provide substantial assistance to ELL students and their teachers. This focus must be consistent with the objectives of Proposition 227 to effectively transition ELL students to English instruction within one year.

In recognition of the large number of ELL students enrolled in K-12 schools statewide, the 1999-00 Governor's Budget includes an additional \$60 million to meet the needs of students learning English and their teachers. The Governor is requesting the Superintendent of Public Instruction, the President of the University of California, the Chancellor of the California State University, and the Chancellor of



# K-12 EDUCATION

the Community Colleges to identify successful strategies to teach ELLs, and jointly recommend the most effective use of these funds. Receipt of this report should be within 90 days after the Governor's Budget is released. The results of this effort will be used to develop course curricula, teaching strategies, and an implementation plan for Proposition 227. Of the \$60 million included in the Budget, \$50 million will provide funding for supplemental instructional time, such as after-school or summer school programs, for ELLs. These funds are intended to be used in concert with the \$50 million provided annually by Proposition 227 for adult tutors of English. The remaining \$10 million will fund professional development for teachers, administrators, paraprofessionals and other personnel who provide instruction and support to ELLs.

Additionally, the Budget provides \$14 million to administer an English Language Development (ELD) test. Chapter 936, Statutes of 1997, requires the development of ELD standards comparable in rigor and specificity to the State's academic content standards for English language arts and the adoption of an ELD test aligned to these standards. The test will be comprehensive enough to assess the English proficiency of all ELL students, and to provide diagnostic information to guide teachers.

**Preschool Reading Development Guidelines.** The State currently invests over \$2 billion in child care and preschool programs. We must ensure appropriate linkages between preschool programs and early elementary instruction. Attention to pre-reading skills for low-income children provides a foundation to ensure success in elementary school reading and learning. Therefore, \$1 million in federal funding from the Child Care and Development Block Grant is provided to publish and distribute pre-kindergarten reading and development guidelines, which are being developed in the current year. This funding includes the initial training of child care providers on the use of these guidelines.

## ENHANCING PROFESSIONAL QUALITY

Classroom teachers are the most important determinant of student success. A well-educated, motivated, and committed teacher workforce is essential for California to meet the educational challenges of the 21<sup>st</sup> Century. To ensure professional quality, California must be able to recruit qualified teachers, provide accurate assessment and evaluation of teacher performance, and provide resources for continuing teacher education and training.

In recent years, California has begun to build a quality teacher workforce. Legislation enacted last year made changes to the State's existing credentialing system to provide early opportunities for undergraduate students to pursue teaching as a career. In addition, full funding was provided to the Beginning Teacher Support and Assessment (BTSA) program so that all newly hired teachers receive expert guidance from veteran teachers through a thoughtful, rigorous assessment system.

These are steps in the right direction. However, much more needs to be done. We must better equip teachers to teach beginning reading. We must attract our most capable college students into teaching, substantially increase the diversity of our teacher workforce, and prepare teachers for our urban schools. And we must promote peer review programs for veteran teachers to continuously improve the quality of teaching for all of our students.

To improve teacher quality, we should utilize higher education's expertise to help strengthen K-12 programs. The Governor believes that higher education must play a more active role in assisting our K-12 schools improve academic achievement.

More than \$51 million is provided for the following professional quality programs, many of which will be proposed during the special legislative session.

**Reading Professional Development Institutes.** The Budget provides \$12 million General Fund to the University of California (UC) to establish professional development institutes for up to 6,000 beginning teachers of reading. (This amount includes \$6 million in Proposition 98 General Fund for stipends for program participants.) Under this program, UC will work in partnership with the California State University (CSU) and independent universities to provide intensive professional development activities to school teams of beginning and experienced teachers together with the school principal. School teams will receive training on effective, research-supported strategies for teaching crucial beginning reading skills. In addition, teachers will be trained in the use of classroom assessments in reading. These early efforts will be bolstered by regular, sustained follow-up throughout the school year. Of the funding provided, \$500,000 will be spent in 1998-99 for planning and development, and the remaining \$11.5 million will be spent in 1999-00 on program implementation beginning in June, 1999.

**Governor's Teacher Scholars.** The Budget includes \$500,000 for UC to develop the Governor's Teacher Scholars Program, a 15-month rigorous master's level program for prospective teachers. The program will be interdisciplinary in nature, ranging across the academic disciplines from developmental psychology and linguistics to law.

When fully operational, the program will be offered on two UC campuses, serving a total of 400 students. Participants will be recruited from among the most talented students at our most competitive institutions of higher education and will be provided with full, privately-funded scholarships. Program graduates must commit to teach for two years in our most difficult-to-staff schools. The program will begin in June, 2000.

**Governor's Principal Leadership Institute.** Research shows that a key to effective schools is a strong principal. The Budget provides \$500,000 for UC to develop the Governor's Principal Leadership Institute, which will recruit and train highly skilled school site administrator candidates to become principals. When fully operational, the program will operate on two UC campuses with a total enrollment of 400 students. The program will feature training from schools of education, as well as other professional schools such as management and law. As in the Governor's Teacher Scholars Program, top administrator candidates will receive full, privately-funded scholarships to participate in the program, in exchange for a commitment to work as a principal in our hardest-to-staff schools. The program will begin in June, 2000.

These two programs provide an excellent opportunity for a partnership between business and California's education community. By sponsoring tuition for the candidates in the Governor's Teacher Scholars and Principal Leadership Institute, California businesses and individuals will be contributing to high quality professionals for our schools.

**Teacher Peer Review and Assistance.** This Budget proposes \$16.8 million in new resources for a Teacher Peer Review and Assistance Program. This money will be merged with the existing Mentor Teacher Program, resulting in a total program of \$100 million. For the past several years, the State has focused well-deserved attention and resources on preparing thousands of new teachers by providing support and assistance through the BTSA program. We must now ensure that our teachers receive



# K-12 EDUCATION

assistance for, and evaluation of, their teaching skills. Peer review systems have been successful in a number of cities throughout the country by providing regular feedback and assistance to teachers from the most credible source—their fellow teachers. Specially selected teachers, who receive training in peer review techniques, can provide constructive suggestions to help other teachers improve or update their teaching techniques. In addition, principals will be directed to consider the results of peer review in staffing decisions. As part of the special session, legislation will be introduced to redesign the Mentor Teacher Program and initiate the Teacher Peer Review and Assistance Program.

**Teacher Evaluation Reform.** Current requirements for biennial teacher evaluations will be modified to guarantee that state academic standards, as measured by appropriate student testing results, will be utilized as a component of the evaluations. Criterion-referenced examinations measure student achievement against established performance levels. It is important to use these examinations so that we know whether our students and teachers are meeting expected performance goals.

**Community Colleges Teacher and Reading Development Partnerships.** The Administration proposes \$10 million to develop partnerships among neighboring community colleges, four-year universities, and K-12 schools, to support early reading development and teacher internships. While some students express an early interest in teaching as a career, many students are undecided during their initial two years of college study. A program of internship placement during lower division course work can help solidify teaching as a career choice. Therefore, this initiative offers grants to community college districts to begin the necessary coordination between systems and to provide stipends for promising students. The specific incentives and grant limits will be developed by the Chancellor through the shared governance process, focusing on the Governor's goals. While such a program may not be feasible in all areas of the state, \$10 million provides sufficient funding to structure beneficial programs in the most needy communities, which will act as a magnet to bring future teachers to those areas.

**Paraprofessional Teacher Training.** The Budget includes a \$10 million augmentation for the California School Paraprofessional Teacher Training Program. This augmentation will prepare an additional 3,300 paraeducators to become fully credentialed teachers. The program provides scholarships to instructional aides and other paraeducators currently working in our schools. There are currently nearly 93,000 people serving as school paraprofessionals (teachers' assistants, library-media aides, and instructional assistants) in our schools. They represent a tremendous untapped resource of potential teachers. These individuals typically reflect the diverse ethnic makeup of the communities in which they work and live, and are deeply committed to the education of the children in their communities. The scholarships offset the cost of tuition, fees, and books for participants who complete the university coursework necessary to become teachers. In return, participants will serve one year as classroom teachers for each year of financial assistance provided by the sponsoring school district.

**Teacher Credential Fee Waiver.** The Budget includes \$1.5 million to fund the \$60 credential fee for all new teachers and, thereby, provide schools with an additional teacher recruitment incentive. The program supports the goal of ensuring that all California students receive quality instruction from qualified, credentialed teachers.



**Exemplary Teachers Merit Award.** Cash merit awards of \$10,000 per participant will continue to be available for teachers who demonstrate exemplary skills by successfully obtaining National Board of Professional Teacher Standards certification. Grants will be funded with \$5 million currently authorized, but not yet fully expended. To qualify for certification, teachers must have a minimum of three years experience and complete rigorous assessments of their subject matter knowledge and ability to teach that subject. California schools currently employ 139 board-certified teachers representing less than one percent of our State's teacher workforce. This program rewards teachers who are committed to providing an excellent education to California students, and will provide an incentive to increase the number of board-certified teachers.

## INCREASING SCHOOL ACCOUNTABILITY

The ability to measure student, teacher and administrator performance is essential to improving the overall performance of California's schools. The development of academic content standards, coupled with statewide assessment of student performance, provides a platform on which to build an accountability system that not only identifies under-achieving schools, but also identifies and rewards high-achieving schools. The Budget includes more than \$200 million for the following programs to promote school performance and accountability.

**High School Exit Examinations.** As a first step toward preparing our students to perform effectively in the 21<sup>st</sup> century, the Budget provides \$2 million in Goals 2000 funding for the State Department of Education to develop statewide high school exit exams in reading, writing, and mathematics. All students will be required to pass these exams as a condition of high school graduation beginning in 2003. These tests will ensure that each graduate of a California public high school has met or exceeded the statewide standards. The new exit exam will ensure that every high school graduate is fully prepared for the future, whether that future is the job market or higher education.

**High School Program Enhancement.** In order to provide students with the best chance to meet high school standards, the Governor believes there may be important opportunities to work in partnership with the U.S. Department of Education to reconfigure certain federal education programs (e.g. Title I, Vocational Education, Class Size Reduction) so that funds may be targeted specifically to help high school students in California meet the newly proposed English and math high school graduation requirements. It is the Administration's intention to vigorously pursue these options with federal officials.

**School Accountability—Rewards and Consequences.** The Governor believes that all schools in California, even those that are currently performing well, can and must improve. In order to make this happen, the Governor wishes to set a higher standard for all schools.

The Budget includes \$32 million in federal funding and \$10 million in Proposition 98 funding to provide schools with incentives, assistance, and interventions to help improve student performance. It is intended that schools utilize proven methods to re-design their instructional programs to increase student achievement. This funding is part of a comprehensive school accountability proposal that will ultimately hold all schools accountable for educating the students they serve. This proposal is to be introduced in the special legislative session on education.

# K-12 EDUCATION

The State Board of Education will develop an academic performance index (API) to be used to measure student academic progress in the selected schools. The API will consist of a variety of indicators such as student test scores, attendance rates, graduation rates and other measures, but academic test scores will constitute at least 60 percent of the value of the API.

Schools selected to participate will receive planning and evaluation grants to hire an independent evaluator such as a university, county office of education, regional consortium, or a private sector expert. The evaluator will work with a broad-based school site and community team to improve academic achievement. Upon local and state approval of the action plan, the State will provide funding for its implementation, with a local match. To help meet the matching requirements, schools will receive maximum flexibility in the expenditure of their existing categorical funds.

Schools will be given two years to meet performance goals. At the end of one year, if schools fail to meet their goals, a public notification and a public hearing will be conducted. Other consequences will also be imposed such as allowing students to attend another public school of their choice or placing the school site principal on probation.

After two years, participating schools will fall into three categories:

- ★ Schools that meet or exceed their performance goals will be eligible for one-time cash bonuses, to be used at the schools' discretion.
- ★ Schools that do not meet performance goals, but show significant progress, will continue in the program one more year and receive continued funding.
- ★ Continued under-achieving schools which do not meet performance goals, and do not show significant progress, will face serious consequences. These may include dismissal of the principal, allowing students to attend another public school, creation of a charter school by the parents, reorganization or reconstitution of the school or school district, or closure of the school or school district.

Schools scoring below the 50th percentile on the 1999 STAR test will be invited to participate in the program. However, if insufficient numbers apply, schools will be randomly selected in order to have 200 schools participate. High schools, middle schools, and elementary schools will be selected based on their proportional representation in the State. Beginning in June 2000, it is proposed that **all** schools in the State will be ranked based on the API developed and adopted by the State Board of Education.

Although many of our schools are serving their students effectively, a substantial number are not. The Governor believes we must attend to under-achieving schools with a sense of urgency so that we can raise the expectations of all schools and all students.

**Governor's Performance Awards for Schools.** The Budget provides \$150 million for a program to reward high-achieving schools. To be introduced in the special legislative session, the awards program will provide recognition and reward to those schools that improve student performance by meeting or exceeding goals established by the State Board of Education. By rewarding results, this program will provide an incentive to all schools to strive toward educational excellence.

**Community Colleges High School Report Cards.** Annually, more than 100,000 California high school graduates enter the California Community Colleges as first time college students. The Budget includes \$10.6 million for the Community Colleges to annually prepare and publish a report card on the academic preparedness of new community college students. This initiative will foster greater cooperation and partnership between community colleges and high schools. Identification of specific strengths and weaknesses will help individual high schools to focus on areas that need improvement. Grants will be available to all 106 colleges, at an average of \$100,000 per college. This amount is sufficient to fund expected costs of research, data analysis, and preparation of report cards on student progress. The Chancellor will be given the flexibility to develop program requirements and grant limits, through the shared governance process, to achieve the Governor's goals within the funds available.

**Middle College High Schools.** The Budget proposes \$1.8 million for the Community Colleges to stimulate expansion of Middle College High Schools, where high school classes are conducted on nearby community college campuses, but funded through the K-12 budget. This type of local partnership is a good example of higher education and K-12 schools working together to increase student performance. Middle Colleges provide a supportive, academically challenging environment for high ability, at-risk youth and leads to improved graduation rates and success in college and beyond. Sufficient funding is provided for 12 additional Middle Colleges in the budget year.

# K-12 EDUCATION





## THE CHALLENGE TO HIGHER EDUCATION

### ACCESSIBILITY AFFORDABILITY ACCOUNTABILITY

Today, a college education is essential for any citizen seeking a better future. Similarly, an educated workforce is fundamental if California is to remain a leader in high technology, biotechnology research, agriculture, and other growing industries. In an increasingly competitive world, the Administration is committed to preserving the promise of the Master Plan for higher education, and will work to ensure that our higher education institutions are accessible, affordable, and accountable.

The Master Plan expresses the State's commitment that every qualified student have the opportunity to enroll in a high-quality and affordable public college or university. To meet these student needs, California has established the three-tier system of public higher education, i.e., the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC). With the adoption of the Master Plan in 1961, the goals of access and quality became the bedrock of California's higher education systems.

The Governor is addressing the goals of accessibility and affordability in the following ways:

- ★ The Governor supports the new admissions policy being developed by UC, which will guarantee admission to the top four percent of each high school's graduating seniors.
- ★ The Governor supports the development of a tenth UC campus in Merced, to provide increased access to Central Valley residents.
- ★ The Governor supports the current statutory policy regarding fees—the Budget reflects continuation of last year's five percent fee reduction, and there are no fee increases for the fifth consecutive year.
- ★ The Governor is proposing \$5 million to expand the number of Cal Grants so that more financially needy students can attend college.

The Governor also believes that the higher education systems must be more accountable. With this Budget, the Governor calls upon the three higher education segments to shift their focus and view all the schools in California as one system of education for all our citizens and our State. Enormous resources and talent are available in our institutions of higher education; these must be made available to help elementary and secondary students succeed, be ready for college, and equipped to

# HIGHER EDUCATION

# HIGHER EDUCATION

graduate from college four years later. We must view education as a continuum—from kindergarten through baccalaureate, and beyond.

For the past four years, the State Budget for UC and CSU has been founded on a funding and performance agreement (Compact), which ends in 1998-99. (The Community Colleges are funded within Proposition 98, and thus were not covered by the Compact). Following years of decreasing budgets, program reductions, and declining enrollments, the Compact provided fiscal stability and afforded the segments the opportunity to recover, restructure, and prepare for the future. The current Compact provides for four percent annual General Fund increases in exchange for UC and CSU meeting various requirements; i.e., taking all new enrollment (up to one percent); improving students' ability to transfer between segments and graduate timely; making annual productivity gains of \$10 million per year; and restoring competitive faculty salaries. In addition, the Compact funded contractual obligations for debt service and retiree benefits. While the Compact anticipated the need for increased student fees, the State has not increased those fees, but has provided funding in lieu of those increases. The Compact was reasonably successful in that UC and CSU exceeded or made progress toward meeting their promises.

A new higher education Compact has been jointly proposed by UC and CSU. While this proposal is a fair starting point, the Governor will support a new agreement only if it is based on quantifiable objectives. The Governor expects a new agreement to clearly identify specific programmatic changes that UC and CSU will make, with quantifiable measurements that demonstrate whether progress is being made. The Governor has requested the Secretary for Education and the Director of Finance to negotiate a new agreement with UC and CSU that encompasses funding stability, negotiated goals, measurable performance objectives, and fiscal consequences for failure to meet objectives. Additionally, the Governor requests the systems to provide a detailed report on the productivity increases and accomplishments of the previous Compact. Accountability, responsibility, and performance measurement are the keys to a successful education system.

Many portions of UC and CSU's new proposal are similar to provisions of the original Compact. They propose a four percent annual increase in funding to stabilize and maintain current programs. Funding is also requested for enrollment in recognition of the projections that enrollment growth during the coming four years will be two to three times higher than during the term of the current Compact. Additionally, while fees are currently frozen, the proposal would limit future fee increases to no more than the increase in California Per Capita Personal Income.

The UC and CSU have also proposed accountability principles and performance measures in the following areas:

#### **Commitment to Undergraduate Education—UC and CSU propose to:**

- ★ Maintain commitment to accept all eligible high school graduates who wish to attend
- ★ Maintain or increase the percentage of enrolled students who graduate in four years
- ★ Maintain the increase in faculty teaching loads achieved under the original Compact
- ★ Ensure student access to faculty



The Governor believes UC and CSU must shorten the time it takes a student to graduate. In addition, the Governor requests specific, quantifiable goals in the above areas. Further, CSU must move to immediately reconcile its 124-unit graduation requirement with UC's 120-unit requirement. It is also critical to ensure that curriculum and course content keep pace with the educational needs expressed by California's industry and business leaders. Each of the above areas should be included in a new Compact and expressed in quantifiable terms.

#### **Intersegmental Cooperation and Outreach—UC and CSU propose to:**

- ★ Expand academic outreach programs to ensure increased participation by students from educationally and economically disadvantaged backgrounds through partnerships with K-12.
- ★ Increase regional collaboration to share library, computer, and other education resources.

The Governor believes that universities must make a greater contribution towards improving the performance of the K-12 system. The systems must recognize that the university students of tomorrow are the K-12 students of today; excellence at the postsecondary level requires excellence at the elementary and secondary levels. The systems must assume greater responsibility for helping to develop a single coordinated and integrated educational system. Areas that need to be addressed include:

- ☆ Incorporation of statewide K-12 academic standards, especially the new high school graduation exam, into admissions policies.
- ☆ Re-examination of how outreach is structured and conducted, to ensure that students are better prepared for higher education. The systems must also form collaboratives not only with the other higher education systems and K12, but with the community and businesses to help focus all regional efforts on the goal of improving K-12 education.
- ☆ Research into instructional strategies that can assist under-performing schools and students.

#### **Teaching Preparation and Development—UC and CSU propose to:**

- ★ Increase the number of teachers recommended for credentials.
- ★ Ensure teacher education programs adapt quickly to meet new K-12 academic standards.

In addition to these goals, the Governor expects additional commitment to teacher training and preparation. The higher education systems should find new ways to encourage prospective teachers to pursue degrees in subject areas where actual teacher shortages have been identified. Given the large numbers of highly qualified teachers needed in California schools, the highest priorities of UC and CSU should be substantial increases in the number of teachers produced and restructuring of teacher preparation programs. The goals related to teacher preparation should be specific and quantifiable.

#### **Transfer of Community College Students—UC and CSU propose to:**

- ★ Continue to reduce barriers to transfer.
- ★ Maintain current transfer agreements.

# HIGHER EDUCATION

- ★ Continue use of the intersegmental general education curriculum.
- ★ Work to ensure transfer students receive credit for courses taken.
- ★ Expand common course numbering system.
- ★ UC will increase the number of transfer students by 33 percent (over 1997-98), by 2005-06.
- ★ CSU will continue to ensure that at least 60 percent of new students enrolled will be transfers.

The Governor expects the systems to expand transfers and course transferability, not just maintain the current level. The Governor wishes UC and CSU to set clear goals for the number of transfer students admitted each year. The Governor is concerned by reports of students who, after transferring to another institution (often within the same system), are required to repeat classes already taken. Repeated courses not only impede students' progress and require students to pay additional fees, but they impose additional costs on the State, which pays for the same course twice. The Governor challenges the three higher education systems to make improvements in the following areas:

- ☆ Course comparability agreements must be established between all systems of higher education. Common course credits will ensure that undergraduate students have a clearer understanding of the courses that qualify for graduation within each segment. Students will benefit by avoiding duplicative coursework and improving their time to degree.
- ☆ Transfer agreements within each system will provide many of the same benefits, and at the same time ensure that a student transferring from one UC or CSU campus to another will be able to transfer all courses for credit.
- ☆ Transfer agreements for high demand majors should also be developed. The success of general education transfer agreements should be translated into similar agreements for major coursework.

## **Efficient Use of Facilities—UC and CSU propose to:**

- ★ Maintain and renovate existing campuses
- ★ Increase building maintenance by \$4 million per year
- ★ Decrease deferred maintenance backlogs
- ★ Increase the use of classrooms and other facilities in the evenings, weekends, and on a year-round basis

The Governor is supportive of these goals but encourages more intensive use of existing facilities. While the proposal appears to suggest only a review of facilities usage, the Governor is interested in specific actions to be taken by the systems on a yearly basis. One example of expanded use of existing facilities is CSU's current plan to offer regular coursework during the summer, with a long-term vision of the summer months being an additional semester or quarter. Another example is CSU's plan to revise schedules to increase classes offered on days and at times when buildings are currently

underutilized. Additionally, the systems should increase joint use of facilities, such as off-campus centers. Finally, the Governor believes that costs of maintenance should be funded as a normal part of operational costs within Compact resources. Thus, an operational Compact should not be followed by specific augmentation requests from state funds for ordinary maintenance.

#### **Productivity Improvements—UC and CSU propose to:**

- ★ Achieve new savings annually of \$10 million, to be redirected to fund other high priority needs.

The Governor requests a detailed report of productivity improvements achieved in the past four years. The systems are proposing that funds made available through productivity improvements be utilized for basic needs, such as, deferred maintenance, library materials, instructional equipment, and technology—on top of one-time funding outside the basic Compact. The Governor believes basic costs of operation should be covered within the basic funding Compact. This issue will require substantial dialogue to reach consensus.

The proposals for a new Compact by UC and CSU are a starting point. The concept of a negotiated Compact guaranteeing a predictable funding level for a number of years, and tied to measurable outcomes to be met by the systems, is an important one. If achieved, this new agreement will be more than a partnership—it will be higher education's response to the Governor's call to action. Higher expectations represent the most critical element in securing the future of each and every Californian, as well as securing the future of the State of California as a national and international leader in business and industry.

### **COMMUNITY COLLEGES**

Last year, one of the most far-reaching efforts at higher education accountability was initiated by the Chancellor and Board of Governors of the Community Colleges. The Partnership for Excellence, authorized by Chapter 330, Statutes of 1998, is based on the principle that community college districts must be accountable for allocating additional general purpose funding to improve student outcomes. To provide an incentive for this effort, \$100 million was allocated as additional general purpose funds, representing a three percent increase in funding for the colleges. The Chancellor and the Board are in the process of developing both long term and interim quantifiable goals for the system. After three years, if sufficient progress is not made, the Board is authorized to reallocate those funds, using a contingent funding mechanism designed to encourage district-specific goal attainment.

The Governor strongly supports increased accountability by all segments of education and recognizes that this program reflects the first large scale attempt to link higher education accountability to funding. Therefore, \$10 million is being added to the initial investment to demonstrate the Governor's support of this effort.

System-wide goals are currently under development and results from this significant investment will not be known for several years. Future increases will be contingent upon establishment of sufficiently rigorous goals, clarity of annual program and district accountability reports, appropriateness of the contingent funding mechanism called for in the enabling legislation, and most importantly, attainment of improved student outcomes in the areas of transfer, degrees and certificates, successful course completion, workforce development, and basic skills improvement.





## WORKFORCE DEVELOPMENT FOR THE 21<sup>ST</sup> CENTURY

**T**he California economy is driven by innovation and technology. California's continued economic competitiveness and well-being are increasingly dependent on a well-educated and skilled workforce. However, employers are finding it more and more difficult to locate and attract qualified workers for high-skilled, high-paying jobs as well as for entry-level jobs. California lacks a fully integrated workforce development system to provide its youths and adults with the skills and assistance they need to obtain these jobs.

The Budget proposes initiatives in several areas to improve education, training, and economic growth. In education, the Administration proposes several ways to improve the quality of teachers. Ultimately, better teachers will improve the performance of our schools, producing better educated students who are able to function in a technology-driven economy. As a complement to these educational initiatives, the Administration proposes a Workforce Investment Initiative to improve the use of training resources to provide education and job-specific training that will ensure the availability of a high-quality, well-trained workforce.

The federal Workforce Investment Act of 1998 replaces the Job Training Partnership Act (JTPA), which now provides employment and training services to youths and adults. The Workforce Investment Act allows the State the flexibility to continue operating essentially as it has under JTPA, or to integrate existing federal and state programs into a comprehensive and coordinated system of employment training. The State can continue to develop a myriad of federal and state training plans or develop one, comprehensive workforce development plan. The Administration proposes to seize this opportunity to consolidate and improve existing education, training, and employment programs through the development of a comprehensive Workforce Investment Plan.

The State currently has a multi-billion dollar patchwork of 35 overlapping job training programs administered by 12 state agencies as shown in Figure A, most of which are described in the California Research Bureau's May 1996 report, *California's Job Training Programs: Financial and Outcome Data*. These programs were established in response to specific needs, each with its own set of policies and procedures relating to eligibility and performance standards, but they are not integrated into an effective workforce development system. The Administration proposes to eliminate duplication, achieve cost efficiencies, and promote performance accountability, customer choice, and program access.

**State Workforce Investment Board.** The Governor will establish a State Workforce Investment Board comprised of the Governor, two members of the Senate appointed by the President pro Tempore, two members of the Assembly appointed by the Speaker, and representatives of business, labor organizations, community-based organizations, schools and colleges, state agencies, and local governments appointed by the Governor. As required by federal law, the majority will be representatives of business. The Board will assist the Governor in developing and improving the workforce development system and coordinating this system with the State's educational system, unemployment insurance programs, public assistance programs, economic development activities, and small business assistance programs.

The federal Workforce Investment Act requires this Board to assist the Governor with the development of a five-year Workforce Investment Plan, designation of Local Workforce Investment Areas, establishment of local Workforce Investment Boards, review of Local Workforce Investment Area

WORKFORCE DEVELOPMENT

plans, oversight of local workforce education and training programs, negotiation of performance standards with the Department of Labor, and preparation of an annual report. Services are required by federal law to be provided through a network of one-stop job centers.

In addition to meeting the federal requirements, the Governor requests that the Board develop a plan which rationalizes the State's use of resources in this area. Consideration should be given to the following:

- ★ Consolidation of various education, training, and employment programs into a comprehensive and integrated workforce development system. The Workforce Investment Plan will be combined with other education, training, and employment program plans into a "unified" plan to ensure coordination and avoid duplication among programs.
- ★ Development and application of a performance measurement and benchmarking system with which to measure the effectiveness of workforce development programs and provide a basis for consumer choice in the selection of training providers. This system will incorporate the education and job training report card currently being implemented in California.

The Governor will convene key interested parties to solicit input on the implementation of the Workforce Investment Act in California.

#### **Services to Be Provided Under the Workforce Investment Act.**

##### *Universal Access:*

- ★ Every individual will have access to job search assistance and labor market information.

##### *Youth Services:*

- ★ Youth programs will provide preparation for postsecondary education or unsubsidized employment. The emphasis is on services providing strong linkages between academic and occupational learning. Services provided to youths will include tutoring, study skills training, instruction leading to completion of secondary school, and paid and unpaid work experience.

##### *Adult and Dislocated Worker Services:*

- ★ Priority for training services must be given to recipients of public assistance. The emphasis is on "work first." Services provided to adults will include job search assistance, job readiness, and placement services, before training services are offered. Participants receiving training services will be allowed to choose among available services and providers through the use of an "Individual Training Account."

**Timeline.** The Department of Labor requires the State to submit its Workforce Investment Plan by April 2000 and to implement the Workforce Investment Act by July 2000. The Administration hopes to have a plan developed by October 1999.



**Fiscal Provisions.** The State Workforce Investment Board will develop a state plan for the allocation of federal Workforce Investment Act funding which includes separate funding streams for youth programs, adult programs, and dislocated worker programs. Although federal allocations have yet to be determined, the State estimates federal funding for the Workforce Investment Act will approximate the \$542 million received under the JTPA.

The federal funds, along with the existing state funds for job training and workforce education, will support California's comprehensive workforce investment system. In conjunction with a strengthened educational system, the new workforce investment system will help prepare future generations that are literate, articulate, and technologically proficient for entry into California's workforce and will provide services for new entrants into the labor market and for adults unemployed or threatened with job loss.

**FIGURE A****Job Training Programs in California**

| State Agency                       | Program   |
|------------------------------------|---|
| Department of Aging                | Senior Community Service Employment   |
| California Conservation Corps      | Training and Work Program   |
| California Youth Authority         | Ward Labor<br>Vocational Education<br>Free Venture Program<br>Restorative Justice Program<br>Job Placement Services<br>Community Services   |
| Department of Corrections          | Inmate Work Incentive<br>Vocational Education<br>Preventing Parolee Crime   |
| Employment Development Department  | Job Agent Program<br>Mainstream Job Service<br>Job Training Partnership Act<br>Intensive Services Program<br>Special Veterans Services<br>Wagner-Peyser 10% Projects<br>School-to-Career<br>Federal Welfare-to-Work Grant |
| Employment Training Panel          | Training and Economic Development Program<br>Welfare-to-Work  |
| Department of Industrial Relations | Apprenticeship Program<br>Inmate Training   |
| Department of Rehabilitation       | Vocational Rehabilitation Services<br>Habilitation Services   |
| Department of Social Services      | Food Stamp Employment and Training<br>CalWORKs<br>Refugee Assistance Services   |
| California Community Colleges      | Post-secondary Vocational Education<br>Economic Development Program   |
| Department of Education            | Adult Education<br>Secondary Vocational Educational and<br>Regional Occupational Center Programs  |
| Trade and Commerce Agency          | Manufacturing Technology Program<br>Jobs for California Graduates<br>State Job Creation Investment Fund   |



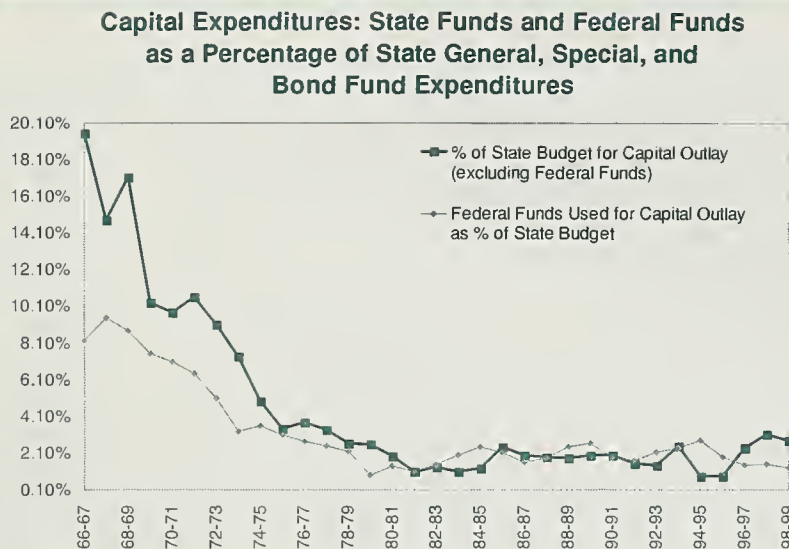
**A**s California moves into the 21st Century we face the dual problem of preserving the schools, highways, bridges, water systems, and housing of today while also planning and building new facilities for a growing population. There is no choice: we must maintain our current capital investments—"infrastructure"—and make new investments. A few examples illustrate the point:

- ★ Education is the main focus of this Budget. The quality of our system of education guarantees an informed citizenry and a growing and vital economy. However, the problem of maintaining and building our education system is daunting. This year, 5.5 million pupils will attend California's elementary and secondary schools. During the next decade, more than 50,000 additional students will enter school each year. Simply to provide for these students we will have to build the equivalent of 1,700 classrooms *each year*. Our public colleges and universities educate almost 2 million students; that number will increase to 2.5 million in the next decade. Keeping pace with this growth will require substantial new construction, and maintenance and repair of our existing schools.
- ★ Long-term economic growth is linked to adequate highways, roads, and mass transit systems that maintain California as a center of commerce and industry. However, in the past two decades, California's highway capacity has increased by only 4 percent, while the population has increased by 50 percent. Similarly, the State has failed to keep pace with ordinary maintenance of its highways, mass transit, and rail systems.
- ★ California enjoys a diversity of natural resources that are the foundation of the State's quality of life, which has been a major attraction for those who live in California and for the many others who come to visit. Investing in the programs that protect and enhance environmental quality and preserve natural resources yields significant benefits:
  - ☆ The public is safeguarded from floods, fire, environmental contaminants, and other hazards.
  - ☆ Adequate clean water supplies can be provided to meet the needs of the populace, agriculture, industry, and the State's wildlife.
  - ☆ The State conserves its land, wildlife, minerals, and areas of natural beauty for current and future generations.

Examples of the necessities and benefits of capital investment abound. Whether the issue is providing low-income housing, building prisons, or maintaining the State's public health laboratories, the demand for and benefits of investing in the public's infrastructure are clear. The question is whether we are prepared to preserve and expand our investment in the State's infrastructure.

# BUILDING FOR THE 21<sup>ST</sup> CENTURY

FIGURE A



## THE DECLINE OF PUBLIC INVESTMENT

California and America's financial commitment to preserving and building its capital investment has declined seriously over the past 30 years. Figure A shows a comparison of the state and federal funds as a proportion of state expenditures over that time.

In part, this decline is a reflection of the completion of the massive building effort that occurred in the 1950s and 1960s, when the State was constructing the initial phases of its high-way, water, and higher education systems. However, the decline also indicates that the State's funding of infrastructure has not kept pace with its growing population and economy. The result is that California's public infrastructure is not adequate to meet the public's needs in the 21<sup>st</sup> Century.

FIGURE B

**Ten Year Reported Needs**  
(Dollars in Millions)

|   | State           | State-funded Local | Total           |
|---|-----------------|--------------------|-----------------|
| K-12 Education  | —               | \$14,000           | \$14,000        |
| Higher Education  | \$15,500        | 1,800              | 17,300          |
| Transportation  | 28,598          | —                  | 28,598          |
| Housing   | —               | 30                 | 30              |
| Correctional Facilities                                       | 6,115           | 3,370              | 9,485           |
| Environmental Protection and<br>Natural Resources Enhancement | 3,684           | 5,445              | 9,129           |
| Other Needs   | 2,680           | 1,025              | 3,705           |
| <b>Total</b>  | <b>\$56,577</b> | <b>\$25,670</b>    | <b>\$82,247</b> |

## THE NEEDS OF THE 21ST CENTURY

Soon, the Department of Finance will issue its 1999 Capital Outlay & Infrastructure Report. This report identifies the state and state-funded local infrastructure needs as we move into the 21st Century.

The report indicates that we must invest \$82 billion (see Figure B) over the next decade to repair and maintain our current structures and to build new ones—a number so abstractly high it is difficult to grasp. However, recent reports by the California Business Roundtable and the Legislative Analyst also conclude that the State faces infrastructure needs of this magnitude.

FIGURE C

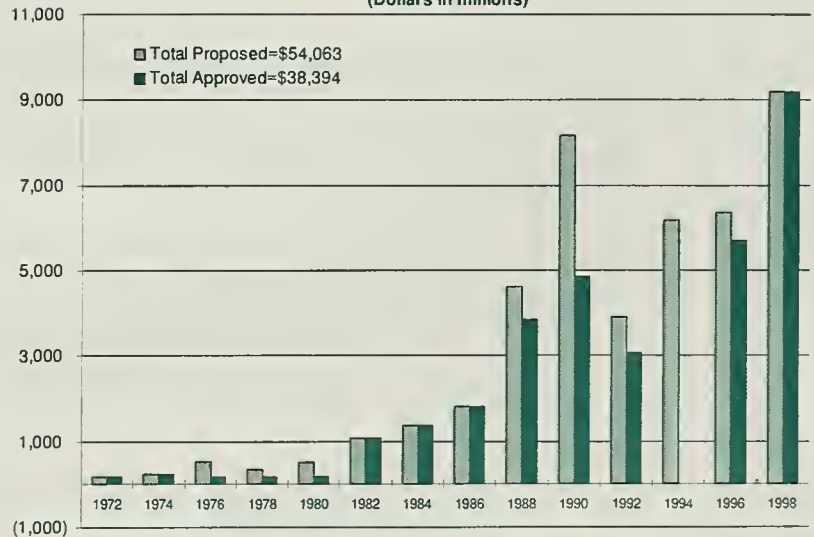
**Available Resources**  
(Dollars in Millions)

|                | Existing Bonds | Special Funds   | Federal Funds   | Total           |
|----------------|----------------|-----------------|-----------------|-----------------|
| Education      | \$7,112        | \$2,425         | —               | \$9,537         |
| Transportation | 1,409          | 11,480          | \$15,709        | 28,598          |
| All other      | 185            | 3,030           | 506             | 3,721           |
| <b>Total</b>   | <b>\$8,706</b> | <b>\$16,935</b> | <b>\$16,215</b> | <b>\$41,856</b> |

## THE RESOURCES AVAILABLE TO MEET OUR NEEDS

Against this need are a limited amount of current bond funds already in the pipeline and a significant amount of federal funds and state special fund monies. However, most of the



**FIGURE D****General Obligation Bonds Proposed and Approved  
by Election Year**  
(Excludes Self-Liquidating Bonds)  
(Dollars in millions)

federal and special fund monies are dedicated only to highways. Figure C illustrates the source and amount of money already committed or anticipated over the next decade.

### THE GENEROSITY OF CALIFORNIA VOTERS

California voters have shown a willingness to support building for the future and have authorized billions of dollars of new bonds over the past three decades (see Figure D). During that time 71 percent of all bonds have been approved.

This history tells us that since 1972 voters have been willing to approve an average of \$2.7 billion worth of bonds every two years. Naturally, this is an average; in some years they approve larger amounts, in some years none at all.

Even more interesting, since 1990 voters have approved an average of \$5 billion every two years—and that includes 1994 when they approved no bonds! This record includes elections conducted during the recession.

When planning for the future, it is reasonable to assume that voters will face bond issues of substantial size over the next decade. Past voting behavior suggests that they will support something between \$13.5 billion and \$25 billion of bonds during this period. However, voters will respond positively only when they are convinced of the need and further convinced that the money they authorize will be well spent—and only for the purposes they designate. Past voting history is no guarantee of future voter approval. Rather, it only suggests the range of possibility that exists if a rational and bipartisan plan of building for the future is presented.

**FIGURE E****Net Unmet Needs<sup>1</sup>**  
(Dollars in Millions)

|   |                  |
|---|------------------|
| K-12 Education  | \$8,745          |
| Higher Education  | 12,998           |
| Transportation  | N/A <sup>2</sup> |
| Housing   | 16               |
| Correctional Facilities                                       | 9,428            |
| Environmental Protection and Enhancement of Natural Resources | 6,015            |
| Other Needs   | 3,190            |
| <b>Total</b>  | <b>\$40,392</b>  |

<sup>1</sup> The 1999 Department of Finance (DOF) report, from which these figures are taken, does not include any spending for a CalFed solution, new facilities for the state courts, or a high-speed rail system.

<sup>2</sup> The DOF report counts transportation needs as being equal to the amount of state and federal revenues expected to be available for transportation, because no comprehensive assessment of transportation need exists. However, a recent report on state infrastructure needs by the California Business Roundtable estimates that the unmet transportation needs are \$15 to \$25 billion.

### Projects Largely Unaddressed by Available Resources

Figure E identifies the ten-year needs which, after accounting for existing and anticipated state and federal funds, remain substantially unaddressed and must be included in any comprehensive plan for the future.

### A PLAN FOR THE 21<sup>ST</sup> CENTURY

Within 30 days of introduction of the Budget, the Governor will establish a Commission on Building for the 21<sup>st</sup> Century. This Commission will be directed to study the building needs of California for the next decade. Issues to be reviewed by the Commission will include, but are not necessarily limited to the following:

- ★ A balanced program of building activity which adequately addresses the entire range of needs of Californians—including education, resources, housing, and general government.
- ★ Approaches to project management and administration that will expedite project delivery.
- ★ A majority vote for local school bond issues, and the vote requirement for other local government bond measures.
- ★ Adjustments in the state-local match on building projects.
- ★ Assumption of responsibilities of certain projects either totally by the state or totally by local governments.
- ★ Identification of resources needed for debt payments.
- ★ Reforms in the manner and method of construction which do not jeopardize the health and welfare of the citizens of the State.
- ★ Linking eligibility for infrastructure funds to meeting performance criteria.
- ★ Utilization of the State Infrastructure Bank to assist in financing state and local infrastructure.
- ★ Dedication by both state and local governments of a set amount of funds for pay-as-you-go financing.
- ★ Determination of a prudent level of bond debt service for the State of California.
- ★ A rational prioritization of needs.

During the first phase of the Commission's work, it will submit an initial report to the Governor by May 1, 1999, containing recommendations for a comprehensive multi-year bond package to be placed on the 2000 ballot. This bond package should be the first step in a decade-long effort to meet the public building needs of California.

**“F**ew challenges facing the State of California compare to the essential task of reforming our health care system to ensure that Californians have accessible, quality health care.”

--Gray Davis, February 15, 1998

# HEALTH CARE REFORM

From the challenges presented by the State's over six million uninsured residents to the crisis in confidence among many Californians insured by managed care plans, there is a recognized need for the State to develop strategies to protect and improve the health of the people.

The Governor directs the Secretary for the state Health and Human Services Agency to develop a plan for health care reform based upon the following principles:

- ★ Maximize health coverage opportunities by ensuring that more uninsured children and their parents are insured.
- ★ Reaffirm and extend the State's commitment to preventing teenage and unintended pregnancy.
- ★ Promote a fair and open insurance marketplace.
- ★ Promote quality and accountability for Californians enrolled in managed care plans.

As a first step in this plan, the 1999-00 Governor's Budget proposes to obtain a federal waiver and federal funding for the current state-funded family planning program, titled Family Planning, Access, Care and Treatment (Family PACT). This federal funding of approximately \$122 million enables us to reduce General Fund expenditures for Medi-Cal by a like amount. The Budget proposes to apply \$62 million of this savings to assist in balancing the 1999-00 Budget. The remaining savings will be expended or reserved for health care expansions.

## OUR FIRST PRIORITY: HEALTHY CHILDREN, READY TO LEARN

If we are to deliver on our commitment that every California child be given the opportunity to gain the educational skills necessary to be successful in the classroom and in life, then we must ensure that they come to school healthy and ready to learn. Regrettably, far too many children are uninsured and thus go without needed health care services. Therefore, our first priority must be to embrace strategies to extend coverage to additional children.

**Focusing on Children.** Approximately 1.6 million children in California under the age of 18 are uninsured, resulting in many going without needed health services, missing regular physical exams and other preventive services, and attending fewer days in school. Our highest priority must be to ensure that uninsured children eligible for publicly supported programs are identified and enrolled. The Medi-Cal Program and Healthy Families Program (HFP) are making available no-cost and low-cost comprehensive health, dental, and vision coverage to families with incomes below 200 percent of the federal poverty level. Recent changes to Medi-Cal and establishment of the HFP have resulted in an additional 80,000 insured children in the last six months alone. The Budget contains funding for an additional 270,000 children to be enrolled in HFP and Medi-Cal in the next 18 months.



The Budget also includes a set-aside of \$2.7 million (General Fund) for allocation to the Managed Risk Medical Insurance Board to apply Medi-Cal income deductions to the HFP. This change will extend coverage to an additional 17,500 children in 1999-00. Upon full implementation, an additional 50,000 children will have been covered at a cost of \$14.2 million (General Fund).

However, additional reforms are necessary to further streamline program eligibility, enroll more children already eligible for coverage, and expand eligibility.

Consistent with that imperative, the Budget also includes an additional set-aside of \$37.3 million (General Fund) to implement the plan being developed by the Secretary for the state Health and Human Services Agency which will give consideration to the following:

- ★ Expanding the HFP to 250 percent of the federal poverty level.
- ★ Providing state-funded HFP coverage to recent legal immigrant children.
- ★ Streamlining unnecessary and onerous HFP application documentation requirements. These requirements shall be consistent with and no more restrictive than relevant federal law.
- ★ Seeking agreement from the federal government that families with children eligible for the state Medi-Cal program could voluntarily choose to enroll their children in the HFP. The Governor supports the policy of providing families the choice of enrolling in the HFP rather than Medi-Cal, especially if that choice eliminates the perception of stigma associated with receipt of public assistance benefits that may discourage those currently eligible from enrolling for health care coverage. However, the complexities surrounding this issue require a thoughtful review.
- ★ Reviewing the issue of HFP coverage for family members of eligible children as allowed under the cost neutrality provisions of the federal Children's Health Insurance Program (Title XXI).
- ★ Exploring the expansion of authorized uses of Title XXI funds to include coverage of family members (parents and college-aged siblings) of eligible children beyond the cost neutral option included in federal law.
- ★ Reviewing and recommending outreach and education strategies designed to further promote the enrollment of those children currently eligible but not enrolled in either the Medi-Cal program or the HFP, including: placing Medi-Cal eligibility staff with HFP eligibility staff to create "one-stop centers" for health care enrollment; advocating for federal clarification of the "public charge" issue which has served as a barrier to enrollment in the HFP; and developing other strategies to address the underenrollment of Latino and African-American children.

## REAFFIRMING OUR COMMITMENT TO PREVENT TEENAGE AND UNINTENDED PREGNANCY

The problem of teenage pregnancy represents one of the most vexing problems facing the State of California with implications for school attendance, juvenile delinquency, and state costs for California Work Opportunity and Responsibility to Kids (CalWORKs) and Medi-Cal. While progress has been made in recent years to reduce the number of teens giving birth, the Governor's Budget recognizes the importance of continuing our investments in comprehensive approaches.

**Continuing the Investment in Teenage Pregnancy Prevention.** Recognizing the importance of preventing the problem of teenage pregnancy, the Budget proposes \$20 million to continue support for the Community Challenge Grant (CCG) program. The CCG program, which sunsets on June 30, 1999, provides support to community partners for locally developed and implemented approaches to the problem. Complemented by the State's public awareness campaign and mentoring effort, CCG is designed to achieve a number of important goals: reduce the number of teenage pregnancies; reduce the number of children who grow up in fatherless homes as a result of these pregnancies; and promote responsible parenting and the involvement of the father in the economic, social, and emotional support of his children.

The state-funded Medi-Cal family planning program, also called the Family PACT program, was established to provide California women and men access to quality reproductive services to promote their ability to make responsible family planning choices. Targeting low-income women and men who have incomes at or below 200 percent of the federal poverty level, Family PACT provides such services as contraception, pregnancy counseling, testing, female and male sterilization, limited infertility services as well as screening and treatment for sexually transmitted infections, and cervical cancer. Since the program was implemented in January 1996, 1.2 million clients have been enrolled in this program.

As indicated, the Budget proposes to obtain a federal waiver to claim 90 percent, or an approximate \$122 million, of federal financial participation for this program. It is this General Fund savings which enables continuation of the CCG program, the \$2.7 million General Fund expansion of the HFP and the reserve of \$37.3 million for other health care expansions, potentially including the Family PACT program. As it is a high priority to ensure that both women and men have access to the services necessary to prevent unintended pregnancies, the Secretary for the state Health and Human Services Agency will also be reviewing strategies to provide services to more women and men in the Family PACT program.

## CALIFORNIA CHILDREN AND FAMILIES FIRST COMMISSION

This Commission, established as part of Proposition 10 which was adopted by the voters on the November 1998 ballot, will promote early childhood development programs. One of the Governor's highest priorities for the Commission is recognition of the importance of health care to children in the developmental state between birth and age five. While the State will be reviewing expansion of the HFP, Proposition 10 also provides a similar opportunity for county commissions. The Secretary will be reviewing the option of enabling county commissions to use local Proposition 10 funds matched by federal funds to extend HFP eligibility beyond the statewide level for children from birth to age five. For example, working in collaboration with the State and county commissions, the Managed

Risk Medical Insurance Board (MRMIB) can work with the federal government to make available federal Title XXI funds to match to county commission funding. Using such combined funding, with \$1 of county commission funding, nearly \$3 of health care coverage could be provided to children between birth and age five in families with incomes above 200 percent of the federal poverty level. Other opportunities to expand coverage beyond statewide levels may be explored.

### PROPOSITION 99—A DECLINING REVENUE SOURCE

In 1988, the voters enacted Proposition 99, which established a 25-cent tax on the sale of cigarette and tobacco products in California. Revenues generated from this tax are deposited into the Cigarette and Tobacco Products Surtax Fund (CTPSF) and used by various departments and the University of California to fund health education, tobacco-related disease research, indigent health care, and environmental protection programs.

State law enacted to implement Proposition 99 created or expanded numerous categorical programs for the purpose of supplementing services, as required by the initiative. For instance, the CTPSF supports numerous health programs: Rural Health Grants, Expanded Access to Primary Care, Comprehensive Perinatal Outreach, Child Health and Disability Prevention, Children's Hospitals, Breast Cancer Early Detection, Major Risk Medical Insurance, Access for Infants and Mothers, and County Health Services (including Managed Care County, County Medical Services Program Expansion, California Healthcare for Indigents Program, and Rural Health Services allocations). Demand for services in many instances has increased while revenues have declined.

To be eligible for Proposition 99 health care allocations, counties must agree to provide or arrange and pay for associated Child Health and Disability Prevention Program follow-up treatment. Counties and other providers have previously raised concerns that the amount of CTPSF resources available may be insufficient to support the associated service obligations that go along with acceptance of the funds.

The CTPSF is a diminishing fund source by design; to the extent that the health education programs and tobacco price increases are successful in reducing or preventing smoking, revenues will continue to decline. Proposition 99 initially provided total annual revenues of approximately \$570 million. Since that time, annual revenues have gradually declined to approximately \$450 million in 1997-98.

Recent events will have the favorable effect of decreasing consumption of tobacco products yet reducing CTPSF resources to an even greater extent. Specifically, Proposition 10, will increase tobacco taxes by an additional 50 cents per pack, by an equivalent amount on other tobacco products specifically for use for varied early childhood development programs, and by an equivalent amount for Proposition 99 funded programs. Proposition 10 provides revenue protections which hold harmless particular CTPSF health education and research revenues and breast cancer revenues. However, Proposition 10 does not hold harmless CTPSF revenues used for indigent health care and environmental protection programs. In addition, the tobacco industry has imposed wholesale price increases on tobacco by an estimated 45 cents per pack in response to the National Tobacco Settlement with states. As a party to the citizens' lawsuit against the tobacco industry for recovering taxpayer costs of providing medical care to people with smoking-related illnesses, the Governor applauds California's anticipated receipt of substantial resources through the Master Settlement Agreement with the industry. California expects to receive approximately \$1.1 billion at both the



state and local level by the end of 1999-00, and similar amounts annually thereafter. With respect to the CTPSF, however, the aforementioned increases in tobacco prices will steepen the historical decline in revenues as a result of decreased consumption (see Figure HHS-17 in the Health & Human Services section). Accordingly, the Budget estimates that CTPSF revenues will decline further to approximately \$399 million in 1998-99 and \$390 million in 1999-00.

As a result of the reduced availability of resources and in accordance with law, the Budget adjusts CTPSF expenditures for health care downward in 1998-99, and for all Proposition 99 service categories except research in 1999-00. The Budget proposes program reductions on a prorated basis within the initiative's required service categories.

Proposition 99 programs are supplementing service levels that existed prior to the initiative's enactment. Subsequent to that time, there have been major expansions of health care programs at the state level, in both the Department of Health Services and in the MRMIB. These programs are providing coverage to hundreds of thousands of Californians previously uninsured. The additional health care expansions under consideration would provide further coverage. Given these major state program expansions, the Governor has directed the Secretary for the state Health and Human Services Agency to work with stakeholders to reevaluate the priority of existing Proposition 99 funded programs, to eliminate duplication and overlap, and to look at the potential for consolidation of these programs in the context of a declining funding stream.

## RETHINKING THE STATE'S ROLE IN MANAGED CARE

Few challenges facing the State of California compare to the task of reforming our health care system to ensure that Californians have access to quality health care. Health care is now California's largest industry, consuming more than \$100 billion a year and employing nearly half a million people. The State's renowned teaching hospitals produce fine physicians and surgeons. Our worldclass research centers and cutting-edge biotechnology industry are pioneering breakthroughs in the treatment of life-threatening diseases. Thousands of dedicated health-care professionals make our clinics and hospitals among the best in America.

California's innovation and resourcefulness have affected more than just the doctors and researchers. We have revolutionized the administration of health care. For better and for worse, the State has been the nation's principal laboratory in the experiment we have come to know as "managed care." Nearly half of all Californians are currently enrolled in a managed care program.

Unfortunately, a recent statewide study found that 42 percent of Californians with health insurance experienced problems in 1997 with their medical plan. A national survey by Harvard University and the Kaiser Family Foundation found 51 percent of Americans believed managed care has lowered the quality of medical care. Clearly, the nation faces a crisis in confidence of its health care system. This crisis must be addressed.

**State Regulatory Authority.** California's current regulatory structure was designed primarily in the 1970s, when managed care organizations were responsible for financing the health care of a relatively small percentage of Californians. Since that time, health maintenance organizations (HMOs) have become the primary vehicle for the delivery of health care service in California, and they will dominate the industry for decades to come.



Yet, California's current role in health care is controlled by a myriad of government entities:

- ★ *Department of Corporations (DOC):* The entity most directly charged with oversight of health care, the Department of Corporations is primarily concerned with reviewing the fiduciary soundness of health care plans. Under the Knox-Keene Health Care Service Plan Act of 1975, the Department ensures the solvency and viability of health care service plans through regular audits and examinations and also provides consumer complaint services and medical quality surveys of plans. Most agree that the Department of Corporations' narrow regulatory role in managed care falls short of consumer needs; health care services are not commodities like other consumer goods and services.
- ★ *Department of Insurance:* California's other predominant form of managed care is provided by Preferred Provider Organizations (PPOs), which are not regulated at the state level when directly funded by employers and managed by third-party administrators. When PPOs are used by indemnity insurance companies, they are regulated by the California Department of Insurance.
- ★ *Department of Health Services (DHS):* The DHS contracts with various plans to serve Medi-Cal beneficiaries. The DHS Division of Audits and Investigations performs fiscal and medical audits of Medi-Cal managed care organizations. The department's Licensing and Certification program licenses the facilities used by managed care organizations.
- ★ *Department of Consumer Affairs:* The Department of Consumer Affairs licenses health professionals such as doctors, nurses, and chiropractors who work for managed care organizations.
- ★ *Managed Risk Medical Insurance Board (Board):* The Board contracts with many managed care organizations involved in the Access for Infants and Mothers Program, the Health Insurance Plan of California, the Major Risk Medical Insurance Program, and the Healthy Families Program.
- ★ *California Public Employees' Retirement System (CalPERS):* The CalPERS is the single largest customer for many health service plans, purchasing coverage for over one million California public employees, retirees, and dependents.

The number of different organizations—several with overlapping responsibilities—has diffused the State's policy focus on managed care. The Administration is committed to rationalizing the regulation of managed care in California. Any proposed options advanced will reflect the Governor's articulated principles for the State's regulation of managed care, while respecting the diverse constituencies and taking into consideration their conflicting opinions. The Governor directs the Secretary for the Business, Transportation and Housing Agency to assemble a team of experts to prepare options within 60 days for more effective regulation of the managed care industry.

**Other Managed Care Reform.** The principles which the Governor has enunciated for HMO reform include the following:

- ★ Restore and affirm the primacy of the physician in medical decision-making.
- ★ Hold managed care decision-makers accountable for their decisions.

- ★ Guarantee that consumers have access to a second physician's opinion when medically necessary in critical or life-threatening situations.

These principles represent a framework for discussion of the specific problems that beset California's health care system, demand immediate action, and will guide the Administration on specific issues or proposed legislation to improve the State's oversight of managed care and restore the public's confidence in our health care system.

### STRENGTHENING THE INSURANCE MARKET TO PROMOTE AFFORDABLE, ACCESSIBLE COVERAGE

Since six in ten Californians receive their health coverage through employment-based plans and since small employers are a major generator of new employment, a fair and open market place for employers to purchase health benefits is central to the State's strategy to maximize health coverage opportunities. The Secretary for the state Health and Human Services Agency will explore strategies that improve access to insurance for small employers.



**T**he economic future of California is tied irrevocably to the future of education. Without an educated and well trained workforce, California businesses cannot compete in world markets. Without adequate jobs, there can be no hope for the children of California. Improved education and continued economic growth complement each other.

Business leaders have indicated that education and infrastructure are their highest priorities. The Administration commits itself to the following:

### BUSINESS AND EDUCATION: HAND IN HAND

Our schools, universities, and colleges must be linked with California's businesses and industries so that each may assist the other. Important components of the Governor's READ in Schools Initiative are dependent on the support of the business community.

Business and industry in California have a long history of partnering with schools:

- ★ For several years, the University-Industry Cooperative Research program has helped develop new products and technologies that are critical to California's global competitiveness. The State provides \$12 million, UC provides \$3 million, and industry matches these contributions with nearly \$17 million. More impressive is that two-thirds of participating businesses are small businesses, which is where most job growth occurs.
- ★ The Community Colleges Economic Development program provides \$33 million to support partnering business and industry with local community colleges. These programs focus on workforce improvement, business development, and technology deployment. In 1996-97, nearly 38,000 students were served at more than 76 colleges; nearly 12,000 businesses and employers also participated.
- ★ The California Agricultural Technology Institute conducts applied agricultural research which is jointly funded by the State, the California State University system, and the agricultural industry. The Budget proposes to increase the program to \$2 million General Fund, with matching funds from the agricultural industry of at least that amount. Agriculture is the State's second largest export industry, and this is just one more example of how education/business partnerships can contribute to our economic growth.
- ★ A new business partnership—California Business for Education Excellence—has been formed as a major voice on K-12 educational issues. This organization has declared education reform its highest priority, as it is the highest priority of the Administration. This new partnership is organizing corporations, small businesses, and other industry members who volunteer time, effort, or funding for critical education needs.

### WORKFORCE TRAINING

A highly skilled workforce is integral to California's continued economic development. Initiated by change at the federal level—the Workforce Investment Act of 1998—California will establish a new Workforce Investment Board. The Governor has requested that this Board, which pursuant to federal



law has a majority of representatives from the business community, provide the leadership needed to integrate the current patchwork of job training, education, and employment development programs into a workforce development system. This system, in conjunction with a strengthened educational system, will prepare future generations that are literate, articulate, and technologically proficient for entry into California's workforce.

For a complete discussion of the Workforce Investment Act, see the Workforce Development section.

### PUBLIC CAPITAL INVESTMENTS

The Governor also proposes to involve California's business community, as well as other communities of interest, in planning for an improved state capital program, one capable of supporting the business expansion that creates jobs and underlies the state's economic strength. This partnership will include membership on the Commission on Building the 21st Century (see *Building the 21st Century*). The Commission will develop a comprehensive approach to providing adequate investment in educational facilities, clean water, transportation, and other government capital investments critical to California's commerce.

The Administration will endeavor to streamline the processes used to plan and build public capital projects so that the public gets the benefit of tax dollars as soon as possible. The Governor directs the Secretary of Business, Transportation and Housing and the Director of the Department of Transportation to expedite the expenditure of state and federal transportation funds.

### INTERNATIONAL TRADE AND ECONOMIC DEVELOPMENT

International trade is critically important to California's current and future economic health. Recent economic developments underscore the importance of diversifying the State's economy in general and our trading partners in particular. California business and government must look to opportunities in parts of the world that have new promise such as Europe (in part due to the currency unification going on there) and the developing democracies in Africa. In addition, California will play a decisive role in the deliberations over the creation of free trade agreements for the Americas.

The Secretary of Trade and Commerce will thoroughly review state international trade and investment programs—seeking input from the business community on ways to increase California's competitiveness—and report to the Governor by October 1999. The review will focus on removing trade barriers—including sensitivity to appropriate environmental and labor concerns—as part of an effort to improve reciprocal trade relations with the state's trading partners.

California should also seek to strengthen its trade ties with its current major partners. The Governor will lead a 1999 trade mission to Mexico to emphasize the importance of the commerce connection between California and Mexico. The Secretary of Trade and Commerce will commence the planning of this mission immediately, together with interested members of the business community.

Additionally, the Governor will designate May as World Trade Month, similar to action taken by the federal government and other states.

## TRADE AND COMMERCE AGENCY

The Trade and Commerce Agency administers a variety of economic development programs and partnerships which foster collaboration between government and industry. The Governor supports continued funding for activities such as:

- ★ Team California—Located in the Office of Business Development, Team California is a public/private partnership of various economic development leaders which brings together resources and expertise to promote business and job creation in California.
- ★ Red Teams—The Agency's Office of Major Corporate Projects supports "red teams" composed of leaders in both the public and private sector who help site larger companies interested in moving to or expanding in California.
- ★ Regional Technology Alliances—The Agency's Office of Strategic Technology oversees three regional technology alliances which build public/private partnerships and consortia to raise funds to develop and commercialize technology. The alliances also serve as a network of technology-based, industry-driven organizations.

The Budget funds the California Travel and Tourism Commission which promotes tourism in California through the travel industry assessments. Additionally, the Budget continues \$7.3 million in funding for the Trade and Commerce Agency's Tourism Program, which works closely with the travel industry to maintain California as one of the world's leading travel destinations.

The Governor supports the efforts of the California Economic Strategy Panel and urges state agencies to consider the panel's recommendations in their strategic planning. In another area of concern, the Trade and Commerce Secretary will identify funds through redirection to assist small business in permit compliance.

## OTHER EFFORTS

The Trade and Commerce Secretary, together with other appropriate agencies, will commence a review of California's business tax laws to ensure that the current tax structure provides the most equitable and efficient use of state tax incentives to promote economic development in the State. The key focus will be on (1) the potential to simplify taxation through conformity and (2) promoting critical sectors of the economy by encouraging the growth of new or small businesses, research and development, and commercial use of space and biotechnology.

The Governor also encourages state and local governmental agencies that issue and enforce regulations affecting businesses to follow the example provided by the Resources Agency's Internet webpage, which provides improved access to the laws and regulations affecting the business community. The Administration supports making regulations understandable, flexible in application, and results-oriented.



California is blessed with unparalleled natural resources. The State's 1,100 miles of stunning coastline, 280 miles of which are part of the state park system, spectacular forests, vast riparian habitats, diverse wildlife, rich farmland, geological and mineral resources, and quality water resources provide Californians a unique quality of life and are critical to sustaining a vibrant economy. Generations of Californians have recognized the importance of preserving, restoring, and enhancing these resources, resulting in 263 parks, public beaches, trails, wildlife areas, open spaces, off-highway vehicle areas, and historic sites which preserve the State's diverse natural and cultural heritage. The State also has preserved over 800,000 acres for wildlife, including 99 ecological reserves, and has conservation easements on an additional 110,000 acres.

While much has been accomplished, protection of California's natural resources in recent years has been severely limited by budget constraints. As a result, much needs to be done to preserve, restore and provide access to these resources, including the repair and improvement of parks, recreation and conservation areas and the infrastructure needed to provide safe and easy public access. This Administration will renew California's commitment to investing in natural resources so that current and future generations will be able to enjoy and reap the benefits of those resources. To begin that commitment, the Governor's Budget proposes total expenditures exceeding \$3 billion in 1999-00 to continue and expand natural resource programs. Of particular focus, the Budget continues California's commitment to protecting and restoring the environmental quality of Lake Tahoe and the Tahoe Basin, and proposes additional resources for coastal conservation activities.

**A Statewide Approach to the Future.** To continue the commitment, the Secretary of the Resources Agency shall examine needs and recommend ways in which to fund natural resource restoration, preservation, and enhancement projects. The Secretary also shall explore the desirability, within the context of the Administration's overall infrastructure plan, of placing a bond proposal on the 2000 ballot.

## COMMITMENT TO THE COAST

### Coastal Commission

The Commission develops state policies with regard to public access to the coast, marine environment, and coastal land resources and development, including energy facilities and other industrial development. Commission policies are implemented by local governments which are required to adopt Local Coastal Program (LCP) plans to be approved by the Commission. Upon approval by the Commission, regulatory authority is delegated to the local government. Limited appeals of local decisions may be made to the Commission.

Commission staffing, however, was reduced by 42 percent in the mid-1980s, impeding the Commission's ability to fulfill all of its duties under the Coastal Act. The Legislature augmented the budget by \$981,000 (General Fund) for 1998-99, but the augmentation was vetoed. The 1999-00 Governor's Budget includes an additional \$981,000 (General Fund) to accelerate review of coastal permits, work with local governments to complete their LCPs, and enforce the Coastal Act. The Commission also will be submitting a report quantifying ongoing workload and use of administrative resources.



## Coastal Conservancy

The State Coastal Conservancy was established in 1976 to preserve, protect and restore California's 1,100 miles of coastline and provide improved public access. Specific activities include the following:

- ★ Increased public access through the design and construction of stairways, trails and limited mobility access projects, as well as acquisition of land and easements.
- ★ Preservation, enhancement, and restoration of wetlands, watershed, riparian corridors and other wildlife habitat.
- ★ Preservation of coastal agricultural lands through acquisition and arranging long-term ownership and management.
- ★ Mediation of land use disputes and ensuring development in accordance with the Coastal Act and local Coastal Plans.
- ★ Restoration of urban waterfronts, and improved access to open space and enhancement of natural habitat in the San Francisco Bay Area.

**Challenge Grant Program.** The Budget reaffirms the State's commitment to these activities and includes \$10 million for a new challenge grant program to fund coastal access and wetlands restoration projects. Under the program, the Conservancy will provide grants to local and private agencies that will be required to provide an equal amount of project funding.

The Secretary of the Resources Agency also will review the success of current wetland restoration efforts such as the Southern California Wetlands Clearinghouse and recommend future funding sources for wetland restoration projects, including the use of bond funds and mitigation banking.

## Lake Tahoe

The environmental quality of Lake Tahoe and the Lake Tahoe Basin has declined rapidly over the past four decades as tourism and recreational demands have increased. Since 1968, the Lake has lost more than 30 feet of transparency and is currently losing transparency at a rate of almost 1.5 feet per year. In an effort to mitigate environmental degradation in the area, in July 1997, California signed a Memorandum of Understanding with the federal government and the State of Nevada to implement an Environmental Improvement Plan at a cost of \$908 million over the next ten years.

The Governor's proposed 1999-00 Budget reaffirms California's commitment to the plan and includes \$20.9 million to continue property acquisition, wetlands restorations and water quality improvement projects. California's total share of funding over ten years will be \$274 million. The federal government has committed to \$300 million, and the State of Nevada has committed to \$85 million. The remainder will be funded from local and private sources.

Specific areas of concentration include:

- ★ Water Quality - improving the natural water systems in 63 watersheds that drain into the lake.
- ★ Soil Conservation - preserving and restoring stream environment zones (SEZ) which provide natural filtering of water, and limiting the amount of new pavement in watershed areas.
- ★ Air Quality - mitigating both mobile and stationary sources of air pollution in the basin.
- ★ Vegetation - improving forests, meadows and riparian vegetation by protecting native plant species and reestablishing old growth forests.
- ★ Wildlife - maintaining and expanding natural habitats for all indigenous, threatened and sensitive wildlife.
- ★ Fisheries - improving natural fish reproduction by improving streambed and lake habitat through adequate water flows, depths, volume and temperature.
- ★ Scenic and Recreation - increasing outdoor recreation opportunities and improving aesthetic quality in areas that do not meet scenic quality standards.

### Agricultural Land Stewardship

The Agricultural Land Stewardship Program was created in 1995 to provide grants to local and non-profit agencies to purchase and conserve agricultural land that otherwise may be threatened by development. The Budget proposes \$2 million (General Fund) to continue these conservation efforts.

### CalFed

CalFed is a joint federal and state effort, including environmentalist, business leaders, agriculturists, and representatives of cities, that was formed to study and recommend policy directions and goals to address the State's long-term water needs. Recommendations will include water development, conservation, transfer, and quality issues in order to ensure that California will continue to have a reliable, affordable, and sufficient supply of high quality water. Specific goals also include restoration of central valley rivers and the Sacramento-San Joaquin River Delta.

The program includes three phases. Phase I, completed in 1996, identified Bay-Delta problems and three potential solutions. Phase II includes completion of draft environmental impact reports and announcement of the preferred alternative. The final Environmental Impact Report is scheduled to be completed in 1999. Phase III will implement a solution.

The Budget includes \$6 million (General Fund) for the State's share of funding CalFed. It is expected that the CalFed will submit a report to the Department of Finance identifying the details of current and projected expenditure needs.



## A NEW RELATIONSHIP FOR A NEW CENTURY

California state and local governments share common concerns and jointly provide services to 33 million citizens. Beyond this simple statement, however, lies 148 years of history, and a complex and confusing array of responsibility, duty, and authority. Many have said that it is almost impossible for a citizen to understand which level of government is responsible for providing a particular service. Often, it is equally difficult to determine which level of government should pay for the services provided.

This confusion is particularly acute for counties, which serve as the main service agent of the State in the areas of health and social services. More importantly, the difficulties have been exacerbated by passage of Proposition 13. Proposition 13 gave to state government the authority to allocate property tax revenues among local governments and had the unintended side effect of shifting power and control over local government to the state level. That shift, concurrent with a growing reluctance of voters to approve increased taxes and compounded by economic difficulties during the 1980s and 1990s, has led to fierce state-local battles over limited financial resources.

One theme best describes the current state-local relationship: lack of trust. Tragically, state and local elected officials and their talented managers often seem more interested in pointing a finger of blame at each other rather than honestly facing up to problems and finding solutions. The State is often perceived as thinking that the problems of local governments are of no concern—and local governments are perceived as thinking that any financial problems faced by the State are none of their business. If there is any improvement to be made, it must come from the realization that the financial problems of a county, or city, or the State of California must concern all levels of government. There is no endless Horn of Plenty, no endless supply of free money. There are only real problems and hard choices to be made.

The Administration hopes to establish a positive relationship with local governments. It will not be easy, and it will not happen overnight. Instead, it requires hard work, new ideas, and willingness to acknowledge that state and local governments face the same problems, at the same time. In short, it means that unless the problems of all levels of government can be resolved, it is unlikely that any single level of government can improve its lot.

### A NEW PRINCIPLE: SHARING THE BENEFITS AND RISKS

The Administration intends to establish the principle of sharing the benefits of an improved California economy with local governments. At the same time, it is obvious that state government cannot provide financial relief to local governments in good times and be expected to provide the same level of support during troubled economic times.

This budget illustrates the problem. In 1999-00, the state will experience moderate economic growth, but state budget revenue growth is not as high as hoped. Program demands, therefore, exceed the money available. There is nothing out of the ordinary about this—revenue estimates, after all, are just educated guesses.

One obvious example of sharing benefits and risks is trial court funding. This is a program designed to provide fiscal relief to counties, improve the operation of the courts, and lead to an eventual state assumption of court costs. Because of the State's fiscal situation, the Budget proposes to increase the state's buy out of county trial court costs in 1999-00 by \$48 million. This is less than the \$96 million



authorized by Chapters 406 and 1017, Statutes of 1998. Nonetheless, the state's share of local court costs has increased from less than 30 percent a decade ago to 67 percent in 1998-99, and to 72 percent in the proposed 1999-00 Budget.

Local governments will receive significant amounts of new money from increased cigarette and tobacco product taxes provided by Proposition 10, which will be allocated at the direction of county commissions, and funds from the nationwide settlement of litigation against tobacco companies. These increased resources allow some relief to counties and, hopefully, lead to state and county governments planning for the benefit of the State's citizens.

Clearly, sharing the benefits and risks with local government raises the issues of local stability and revenue-raising authority. Opinions differ, but some have suggested that increased revenue-raising authority at the local level may be better than continued shared revenue. Others have suggested that the State and local governments should simply divide program responsibility in a clear fashion. Still others have said that the power to tax should be further restricted. Whatever the proposal, this Administration believes that all options must be discussed and a reasonable solution developed.

It is too much to expect an easy solution, but this Administration will have a reasoned discussion with local elected officials and interested citizens. This budget offers to start that discussion and the Governor directs his Office of Planning and Research, to make recommendations, within 45 days, on the proper forum and method.

## HISTORY OF THE STATE-LOCAL RELATIONSHIP

The state-local relationship was fundamentally altered with the passage of Proposition 13 in 1978, because it shifted the control of the allocation of property tax revenue to the State. Proposition 13 reduced local governments' primary source of revenue by 56 percent. Prior to Proposition 13, locally elected officials had the ability to raise local property taxes to meet service demands, and those local officials were accountable to the local electorate for the amount and allocation of this money. Proposition 13 reduced local property taxes by rolling back assessments to the 1975 level, limiting the property tax to one percent of the full cash value of property, and limiting growth in assessed valuation to no more than two percent annually.

Since Proposition 13, there have been a bewildering variety of state laws and voter-approved ballot measures which attempt to rationalize the state-local relationship. Some of these measures have tried to return a degree of control or enhanced funding to local governments; others have done the opposite.

**1978**—SB 154 provided immediate short-term relief to local governments and preserved local government fiscal soundness. SB 154 relieved counties of a portion of their obligation to pay for certain health and welfare programs and provided approximately \$4.2 billion in one-time cash block grants to counties, cities, and special districts. These block grants were allocated in direct proportion to the amount of property tax revenue reductions that each local government, except schools, incurred as a result of Proposition 13.

**1979**—AB 8 established a property tax allocation formula providing temporary relief to local agencies by shifting a portion of the property tax revenue from schools to other local agencies. This property tax shift reduced the schools' share of property tax revenue from 53 percent to

38 percent and increased the other local governments' share by 15 percent. The schools' loss of property tax revenue was largely made up by an increase in support from the State General Fund.

**1979**—The voters approved Proposition 4 to limit government spending. Proposition 4 was codified in the California Constitution as Article XIII B and restricted the growth of state and local government. Article XIII B also required the State to reimburse local agencies for the cost of state-mandated local programs.

**1982**—AB 799 transferred, at county request, health care responsibility for medically indigent adults back to the counties. Counties were to provide a reduced scope of benefits within the reduced amount of funding (70 percent) made available.

**1986**—The voters approved Proposition 62 which further reduced the ability of local governments to raise revenue by requiring that all local taxes receive either a majority approval for general taxes or a two-thirds voter approval for special taxes before they can be imposed by a local government.

**1988**—SB 612, the Brown-Presley Trial Court Funding Act established a significantly larger fiscal role for the State in the funding of trial courts, thus reducing county costs.

**1988**—The voters approved Proposition 98 to require a minimum funding level for support of K-14 schools and indexed that expenditure level for future growth.

**1991**—The State "realigned" several health and welfare programs by transferring responsibilities over certain mental health, social services, and health programs to the counties, along with an increased share of the sales tax.

**1992**—The State transferred back local property taxes to schools in each county. Beginning in 1992-93 and again in 1993-94, the State reduced the post-Proposition 13 "bailout" of local governments and required each county to allocate these funds to an Educational Revenue Augmentation Fund (ERAF). These funds, deposited into each county's ERAF, (\$3.75 billion in 1999-00) are allocated to schools, increasing the schools' overall share of local property tax revenue to the pre-Proposition 13 level of 53 percent of statewide property taxes.

**1994**—The voters approved Proposition 172 which established in the Constitution a ½-cent sales tax on an ongoing basis for local public safety.

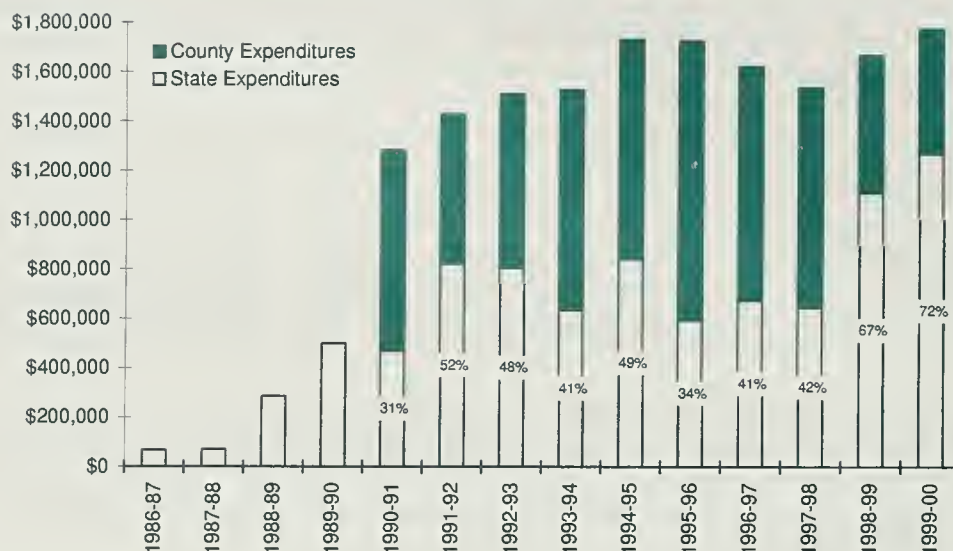
**1998**—The voters restricted the ability of local governments to raise revenue through fees and assessments with the passage of Proposition 218.

### Recent Interventions: The ERAF Transfers and Their Mitigation

As noted previously, as a result of the recession, state budgets in 1992-93 and 1993-94 transferred a portion of property tax revenues from counties, cities, special districts, and redevelopment agencies to local schools. This transaction, currently worth approximately \$3.75 billion, deposits the money in each county's ERAF. Overall, in 1999-00, counties will contribute approximately 76.1 percent, or

FIGURE A

### History of Trial Court Funding



Note: Prior to 1990-91, the Governor's Budget contained no information regarding the level of county expenditures for the trial courts.

\$2.854 billion; cities will contribute 15.6 percent, or \$585 million; and special districts will contribute 8.3 percent, or \$311 million. The ERAF transaction effectively reversed the "bailout" of local governments that occurred in 1978 and 1979—immediately after passage of Proposition 13.

**Mitigating the Shift.** To lessen the revenue loss to local government from the shift, the State has provided resources through several measures, as indicated below:

- ★ **Proposition 172 adopted in 1993.** To cushion the effect of the revenue loss to local governments Proposition 172 established in the Constitution a ½-cent sales tax on an ongoing basis for public safety services. The projected 1999-00 value of Proposition 172 is \$1.954 billion; counties are estimated to receive 94 percent, or \$1.837 billion; and cities the other 6 percent, or \$117 million, assuming that the 1999-00 allocation between counties and cities will be similar to the 1998-99 allocation.
- ★ **Trial Court Funding Reform, 1988 Through the Present.** Since the enactment of the Brown-Presley Trial Court Funding Act of 1988, State funding for trial courts has grown (see Figure A). Chapter 850, Statutes of 1997, gave the State responsibility for the operation of trial courts, eliminated the bifurcated system of funding the trial courts, capped the county contributions to



trial courts and provided full state funding for the 20 smallest counties. This shift provided \$350 million in general purpose revenue to local governments in 1998-99, including \$62 million in fine and penalty revenue to cities. The Governor's Budget includes an additional \$48 million ongoing relief and \$20 million in time-limited relief for the remaining 38 counties, which brings the state share to 72 percent or \$1.27 billion (\$814 million General Fund). These actions produce a total relief package of approximately \$418 million, \$356 million for counties and \$62 million for cities, as a result of the restructuring of trial court funding.

- ★ **Citizens' Option for Public Safety (COPS).** The COPS program provides supplemental funding to counties, cities, and special police protection districts for local law enforcement services in order to enhance public safety. The Budget proposes that the \$100 million in the COPS program be continued in 1999-00.

Before the property tax revenue shift can be offset further, there must be a determination of the net effect on local governments of these various initiatives. Together, Proposition 172, trial court reform, and the COPS program are estimated to backfill \$2.47 billion, or 65.9 percent of the \$3.75 billion in ERAF. In addition, there have been other forms of mutually beneficial direct and indirect financial assistance that have been provided to counties, such as mandate relief and realignment, which make it difficult to quantify the true impact of the property tax shift. Nevertheless, there must be a fair accounting of the net effect of the various financial transactions that have taken place between the state and local governments over the last decade.

The Administration supports mitigation of the ERAF shift, consistent with this accounting. Given other demands on the Budget, it will likely take a period of years to further complete this transaction. However, the Administration believes that local governments are entitled to share with state government the resources stemming from California's economic growth.

Agreement on the method of returning an equivalent amount of revenue to local government must include other aspects of local finance. The impact of local sales tax allocation on land use decisions, the adoption of marginal redevelopment projects that adversely affect the General Fund, concerns over housing, and the large balance of unused redevelopment agencies' housing funds for low- and moderate-income households must be resolved.

### **Rationalized Land Use Decisions and Allocation of Local Sales Tax**

There is a perception that revenue-driven bias exists in local land use planning and decision making. The Administration will begin discussions with cities, counties, redevelopment agencies, the business community, and others in the State to determine the degree to which this exists, and what should be done about it. The local competition for retail and auto malls rarely balances community housing needs or the benefits of nonretail business and industry, and often exacerbates transportation and environmental problems. In addition, development often pits one community against another in an effort to attract businesses that generate sales tax revenue.



The reduction in the revenue-raising ability of local government as a result of Propositions 13, 62, and most recently 218, has led local officials to seek development of sales tax producing retail trade rather than manufacturing and professional business development, or residential development. It is widely recognized that the cost of providing municipal services to sales tax generating retail development is less expensive than providing these services to residential property.

Since Proposition 13, local governments' lack of revenues has diminished their ability to provide a high quality of life, jobs, and protect the environment. More importantly, the connection between the type of development and potential revenue has discouraged local governments from pursuing affordable housing for those Californians in the low- to moderate-income range.

In initiating a dialogue concerning land use, the Administration endorses the principle that any solution to this problem should be revenue neutral and suggests that a gradual sharing of growth in revenues may provide the best mechanism by which to correct this problem.

### COPS Program

Proposed legislation will be introduced to amend the provisions of the COPS program to (1) make this a permanent funding source for frontline law enforcement, instead of sunseting on June 30, 2000; and (2) restrict the use of these funds to hiring law enforcement personnel, i.e., sworn peace officers, or law enforcement related equipment if matching funds are provided by the entity receiving funds. Local governments have previously expressed concerns about committing these resources for new sworn officers because the future funding of the COPS program was not certain.

## HOUSING: AN INVESTMENT IN CALIFORNIA COMMUNITIES

**T**ogether with education and job creation, safe, decent, and affordable housing is the necessary third ingredient to foster and sustain a vibrant community. California's economy over the next ten years is projected to create over 3 million jobs and generate more than 6 million new residents. Using conservative assumptions about household family rates, a recent UC Berkeley study found a demand for 233,000 new housing units a year from 1997 to 2010. Replacing existing housing brings the total need to at least 250,000 units annually. Despite the demand, fewer than 130,000 new housing units were authorized by local building permits in 1998.

Most California economists agree that inadequate housing production poses a major long-run threat to the State's economic growth. Many young students need a safer environment to study and rest to be better prepared to strive for academic achievement in our schools. For other families, the major barrier to self-sufficiency is lack of permanent housing.

Moreover, housing is expensive in California. Over half of renters and one-third of homeowners pay more than 30 percent of their monthly income for housing. Because California's home prices are the highest in the nation, a significant number of Californians are denied the opportunity for home ownership. The State's home ownership rate of less than 55 percent is second lowest in the nation—only Hawaii is lower—and nearly 10 percentage points below the national average.

Part of the reason for the high cost of housing in California is the lack of supply. In the late 1980s, one new house was built in California for each 1.6 new workers. However, since 1995, when the current recovery began gaining momentum, permits have been issued for only one new housing unit for each 5.4 new workers.

California's diverse economy places other unique housing issues before the State's policy makers. At a time when California is showing all the signs of facing a structural housing shortage, a substantial portion of publicly assisted, affordable rental housing developments statewide is at risk of conversion to market rate rents. In California, expiring federal Housing and Urban Development Section 8 project-based assistance and the loss of purchasing power of Section 8 vouchers threaten hundreds of thousands of low-income, elderly households and families, further exacerbating local housing shortages.

Farm workers and their families (with a total household population of approximately 1.35 million individuals) support the California agricultural economy. These individuals and their households are often transient, moving throughout the state, often forced to live in substandard overcrowded conditions. For others, housing is even more illusory. More than 360,000 persons, about 1.1 percent of the state's population, were homeless in 1997. About 65 percent of the homeless are individuals, while 35 percent are families with children.

Given the complexity of the California housing need, a multi-phase approach is necessary to begin to change the housing landscape within our great state. The Governor's first budget proposes the following call to action:

**At the federal level**, the Governor calls upon the President and Congress to pass federal legislation to increase tax-exempt authority for lower interest lending. This would provide \$800 million annually to California for housing, student loans, and job creation. This increased lending authority would also create over 10,000 jobs, \$300 million in wages annually, and \$15 million in yearly state tax revenues.

HOUSING

The Administration also will lobby for presidential and congressional action to increase tax credits that provide the major source of subsidy for the creation of affordable senior and multifamily housing in California. In addition, the Governor's Director for the Department of Housing and Community Development will work with the federal Department of Housing and Urban Development to secure increases to Section 8 vouchers so that they more accurately reflect fair market rents in many of California's high-cost areas.

**At the state level,** the Governor will establish a state housing task force to include the Lt. Governor, the Treasurer, and the Secretary of the Business, Transportation and Housing Agency. This task force will look at permanent sources of income for affordable housing, growth management strategies, tax distribution and the fiscalization of land use, and permitting costs, and will also consider establishing state government oversight of the use of redevelopment funds. In addition, the Administration is interested in working with the Legislature on legislation based on the following principles:

- ★ Fair housing—to prohibit discrimination against tenants based upon their source of income.
- ★ Code enforcement—to strengthen local government enforcement tools (there are currently 35,000 rentals in Los Angeles with toilets that don't flush).
- ★ Maximizing use of redevelopment funds for affordable housing—the State simply cannot afford to hemorrhage low-income rentals while fewer than a thousand units are built in this fiscally-strapped era.

Further, the Governor requests the California Housing Finance Agency Board to maximize the leveraging of its resources to provide \$1 billion of lending resources in their business plan for fiscal year 1999-00. These funds will be utilized for first-time homebuyers, consistent with federal law, to help mitigate California's low homeownership rates.

**1999-00 Budget Augmentations.** The Governor's Budget includes the following augmentations for a multi-prong approach to begin to address the critical housing issues facing our State as we approach the 21st Century. These augmentations reflect his strong commitment to housing in a fiscal environment that is forcing little or no growth in programs outside the education area. Specific proposals include:

- ★ *Redevelopment Funds for Low-Income Housing Preservation and Creation:* \$2.5 million General Fund to the Department of Housing and Community Development. The Governor is directing the Secretary of the Business, Transportation and Housing Agency and the Department of Housing and Community Development to develop within 90 days a plan for expenditure of these funds, which will create incentives to ensure that all sources of revenue available to housing stakeholders are efficiently and effectively coordinated to deal with local housing needs...whether it be preservation, new construction, rental housing, or single family housing. Of particular importance is the necessity to strengthen the currently weak nexus between the use of low and moderate income housing funds at the local level and the "findings of need" in local housing elements. California cannot afford to have scarce housing dollars languishing in localities, unspent at a time when the State may be losing over 100,000 units of existing housing due to the federal government's exodus from the assisted housing public arena.

- ★ *Farmworker Housing:* \$2 million General Fund to the Department of Housing and Community Development to provide farm worker housing grants.
- ★ *"Sweat-Equity" Affordable Housing:* \$1 million General Fund to the Department of Housing and Community Development to expand (to a total of \$2 million) the Self-Help Housing Program for families who build their own homes with sweat equity.
- ★ *Temporary Housing for the Homeless:* \$1 million General Fund to the California National Guard to continue the shelter programs at the California armories during the winter. In addition, the Administration will seek legislation to extend the sunset date (March 15, 1999) of the Temporary Emergency Shelter Program until a permanent source of funding can be identified.
- ★ *Welfare-to-Work Transition Housing:* \$5 million General Fund to the Department of Housing and Community Development to implement legislation to create housing for CalWORKs families transitioning from welfare to self-sufficiency.
- ★ *Special Needs' Population Housing:* \$1 million General Fund to the Department of Mental Health to create a new program for supportive housing, specifically focused on CalWORKs special needs' populations.





## HONORING CALIFORNIA VETERANS

There are three million veterans in California, men and women who have served their nation with distinction. The Governor believes these veterans must be honored for their service by guaranteeing that existing state programs for veterans are well run and available to all who qualify.

Two major state programs focus on veterans: the Cal-Vet home loan program and the various Veterans Homes of California. In recent years there has been criticism of the management of both programs.

### OPERATION OF THE CAL-VET HOME LOAN PROGRAM

The existing Cal-Vet loan program is not competitive with other public or private lenders. In early 1998, the Cal-Vet loan rate was slightly higher than market rates, a historic change. Federal VA loans were also significantly more attractive. As a result of this competition the use of Cal-Vet loans has declined from 8,000 loans in 1980-81 to slightly more than 1,000 in 1996-97. In addition, the total loan portfolio has shrunk from approximately 120,000 in 1980-81 to approximately 39,000 in June 1997. Attempts to "solve" this problem by allowing higher-priced homes and "second homes" to be financed have been rejected.

The Cal-Vet loan program was mismanaged in the past and the State's equity has been eroded. From 1982 to 1996, the Cal-Vet Program lost money in 8 of those 15 years—5 years in a row, from 1992 to 1996.

Additionally, the "equity" of the Cal-Vet Program, composed of loan payments by veterans and the investment of those funds, has declined 44% in the last 11 years.<sup>1</sup>

Current efforts of the Department of Veterans Affairs (DVA) to fix the problem are reasonable. Starting in 1996, the DVA has engaged in major restructuring of the Program, from changing staff operations and moving to collect on delinquent loans, to a complicated debt refinancing package and reforming their insurance packages.

However, even if the Cal-Vet Program is managed well there remains a basic dilemma: there is a declining interest or need for home loans and an increasing need for other services for veterans.

### CARE IN THE VETERANS HOMES OF CALIFORNIA

Concern over the quality of care in veterans homes recently led the California Department of Health Services (DHS) to conduct a survey of the skilled nursing and intermediate care facilities at the Yountville Veterans Home. The DHS found the Yountville facility to be out of compliance with federal and state health standards, and subsequently fined the DVA \$14,000. Additionally, the United States Health Care Financing Agency (HCFA) initiated action to withhold federal reimbursements to the Home for patients admitted after November 11, 1997. The DVA, however, successfully appealed the HCFA sanctions without the loss of federal payments, and has a corrective action plan in the works.


<sup>1</sup> From a report by the Legislative Analyst's Office: "Rethinking the Cal-Vet Loan Program"

## GOVERNOR'S RECOMMENDATIONS

The Governor will take the following steps to improve the operation of state programs for veterans:

- ★ The Governor will sign appropriate legislation to establish an Office of the Inspector General in the Department of Veterans Affairs. This office would be responsible for investigating the various complaints about the Veterans' Homes of California.
- ★ The Governor will appoint a Blue Ribbon Task Force to review the quality of health care and management of the Veterans' Homes. This body will be directed to report back with findings and recommendations during 1999.
- ★ The Governor will request the Bureau of State Audits to conduct a fiscal and program compliance audit of the Cal-Vet Program. As the population of veterans ages there may be a decreasing need for home loans and increasing need for other kinds of services (e.g., elder care). This audit, together with previous legislative studies and the report of the Blue Ribbon Task Force, will lay the groundwork for corrective action.
- ★ The new Secretary of Veterans Affairs will, within 180 days of appointment, report to the Governor on the need for further restructuring of the Cal-Vet loan program and on ways that any surplus funds in the home loan program might be redirected to other pressing needs of veterans.
- ★ The Secretary will also report to the Governor regarding gaps in State programs for supportive services to veterans.

## IMPROVING SERVICE TO THE PUBLIC

ver the last several years, efforts have been made at all levels of government in the United States and abroad to improve the way government provides services. While going by different names and using varied methods, the goal has been consistent: to provide government services that work better, cost less, and get results the public cares about. Much can be learned from these efforts.

In 1993 when the federal government joined this movement, it challenged federal workers to reinvent government by:

- ★ Putting customers first
- ★ Cutting red tape
- ★ Empowering employees to get results

Similarly, the Governor is charging his departments and employees to continuously improve the operations of California state government, focusing efforts on better *outcomes* rather than just marginal changes to bureaucratic processes. Investments in both technology and people will be needed to achieve change in the future.

Without adopting any particular management terminology, the Administration's strategy will be to borrow from all successful styles to create *real results* that Californians care about. The Administration calls upon the Legislature to join with it in encouraging creative approaches by providing funds for identified projects and creating the statutory conditions necessary to test and implement new concepts.

A key to success is to invite state employees to become agents of change, capitalizing on their unique knowledge of what works. Likewise, approaches must be sensitive to employee concerns. The Administration values what state employees have to offer and will foster and grow this employee asset base through improved training and career development. Improving government will also open up opportunities for employees to grow professionally and become more successful.

Techniques which will be used include those currently shaping the federal effort:

- ★ Learning what works from the public, private industry, and employees
- ★ Strategic planning
- ★ Testing a variety of approaches
- ★ Focusing on customer service
- ★ Tracking progress
- ★ Rewarding success and sharing benefits

IMPROVING SERVICE



The Governor directs each agency secretary and director to look for better performance at less cost. The State's control agencies—including the departments of Personnel Administration, Information Technology, General Services and Finance—are challenged to support departments in the quest for improvement.

**Department of Motor Vehicles**—No state agency directly touches as many Californians as the Department of Motor Vehicles (DMV). Although it has faced challenges in modernizing, the Department is committed to the goal of customer service and to updating its service technologies.

As initial examples of refocusing government, the Administration proposes seven pilot efforts in the Department of Motor Vehicles to test ways to improve customer service at little cost. More such pilots will be proposed this spring, and the Governor's Office will be tracking the DMV's progress and supporting it in this endeavor.

At a total cost of \$713,000, the seven pilots are:

- ★ **Local Talk Pilot For Orange County and the Greater Los Angeles Areas.** The DMV will test a custom guide in the Local Talk section in the four Orange County and one Los Angeles County Yellow Pages, accessible by a local telephone. The guide will provide information about the Department's policies, programs, regulations, and office hours and locations to the public via telephone. Using this source should redirect some of the routine calls out of the DMV's field offices and call centers, allowing those facilities' telephone service staff to answer other calls.
- ★ **Automation of Registration Services.** By automating additional transactions, this pilot expands a current program that allows business partners to electronically process certain registration transactions, issue license plates and stickers, and pay fees electronically.
- ★ **Online Appointment Scheduling System on the DMV World Wide Web Site.** Online scheduling would allow DMV customers, via the Internet, to arrange their own appointments for visits to DMV field offices to conduct vehicle registration transactions and driver license application transactions.
- ★ **Prototype Development For Self-Service Device.** The DMV will research and develop an ATM-type device to allow customers to process their own DMV transactions. The device would be a workstation, a printer, and the ability to accept credit cards or checks. The pilot could replace or reduce the need for customers to wait in line at field offices and simplify the process for many DMV transactions.
- ★ **Redesign Interactive Voice Response System to Handle More Tasks.** The DMV will contract with an interactive voice response consultant to redesign its automated telephone response system—including the call flow and scripts. The objective is to increase the volume and type of business conducted via telephone.
- ★ **Queuing Systems.** This pilot will determine if computer-based queuing systems can help reduce field office wait-times, line lengths, and efficiently manage workflow. The DMV expects the project to provide valuable data for field office management and improving customer service.

- ★ **Internet E-mail Request for Refunds.** Customers will test Internet access to an electronic refund request form and instructions for completion. As part of the project, the DMV will also provide an e-mail address for customers to e-mail the electronic form directly to the appropriate processing unit at DMV headquarters.

Should pilot projects like this prove effective, the Administration will view favorably similar projects in other state agencies that provide tangible benefits to the public.



## PRUDENT FISCAL MANAGEMENT

# MAKING THE BUDGET WORK

The State Budget is a spending plan that matches expenditures for state programs with the money available. One of the biggest challenges in crafting a budget, apart from setting priorities among competing needs, is to estimate the level of revenues available and the number of people who will receive state services.

### ESTIMATING IS AN ART, NOT A SCIENCE

Estimating revenues and expenditures is an art, not a science. The actual revenues collected invariably change from the projections upon which a state budget is based. Likewise, the number of people who receive state services invariably change from the projection. A one percent increase in expenditures or reduction in revenues could put the budget out of balance by more than \$600 million.

When the Legislature adjourned in the 1997-98 Legislative Session and the final 1998 financial legislation was signed, there was a reserve of \$1.2 billion. Since then, the economy has slowed, revenues have been revised downward and caseload driven costs have increased beyond the forecast, resulting in a multibillion dollar shortfall over the remaining months of the current fiscal year and the budget year.

Given the uncertainties in revenue and expenditure forecasting—and acknowledging that spending has been put on autopilot for many state programs—is there anything that can be done to make sense of the budget process, and to ensure that a final budget is actually balanced? The answer is yes, but it requires the Legislature and Governor to acknowledge that California cannot continue to operate without a prudent reserve or a way to reduce spending if revenue fails to increase as predicted or expenditures grow faster than anticipated.

### CURRENT AUTHORITY OF THE CALIFORNIA GOVERNOR

Today, California's Governor has three basic options to address a budget shortfall: (1) freeze hiring, contracting, and purchasing; (2) seek legislation to reduce spending or increase taxes; or (3) carry a deficit over to the following fiscal year. These options fall short for several reasons. Imposing a freeze on hiring, contracting and purchasing provides little savings, since most state expenditures are for local assistance. While a Governor may seek legislation to reduce current-year spending, any delay exacerbates the problem because savings can only be realized for a part of the fiscal year. Finally, carrying over a deficit merely compounds the problem for the upcoming year, making required corrections even more draconian.

### HISTORIC POWER OF CALIFORNIA GOVERNORS

The Governor's authority, however, was not always so limited. From 1939 until 1983, the Governor of California had broad authority to alter and revise the state budget during a fiscal year. Specifically, then existing law, Government Code Section 13322, provided that "before or after approval, the department [of Finance] may revise, alter, or amend any fiscal year budget, if, in its opinion, revision, alteration, or amendment is required in the interest of the State." This authority was last exercised in



January 1983 when the Governor imposed a two percent General Fund reduction on most appropriations for 1982-83. In July 1983, the Legislature repealed the authority to revise the budget after enactment.

According to a 1997 publication by the California Citizens Budget Commission, California is only one of 12 states where the Governor may not reduce an enacted budget without legislative approval. In 22 states, the governors have fairly broad authority to reduce an enacted budget without Legislative action. In the remaining 16 states, the governor's power to reduce expenditures is subject to limitation, such as only across-the-board reductions or reductions subject to a maximum amount.

### PAST BUDGET TRIGGERS

In the past 15 years, various expenditure reduction "trigger" mechanisms have been used to help keep expenditures and revenues in balance. From 1990 to 1996, these trigger mechanisms required pro rata reductions in General Fund spending when projected revenues for the following fiscal year were one-half of one percent below a projected "workload budget". For fiscal years 1994-95 and 1995-96, "trigger" legislation provided for mid-course reductions of General Fund expenditures to ensure that the State would have sufficient cash to pay off short-term loans.

Various financial advisors have argued that California should have a substantial reserve to protect against the fluctuations of the economy. However, the magnitude of the dollars needed to build a substantial reserve makes this an unrealistic goal, as illustrated by the experience of the last 15 years. In lieu of a substantial reserve, credit rating agencies have generally called for prudent mid-course correction tools. The California Treasurer has indicated support for these tools.

### GOVERNOR'S PROPOSAL

The Governor should have the tools necessary to ensure that annual expenditures and revenues remain in balance during a fiscal year. These tools should include authority to adjust expenditures both before and after a budget is enacted. The choice is between budgeting a significant reserve for economic uncertainties or authorizing automatic and discretionary expenditure reductions.

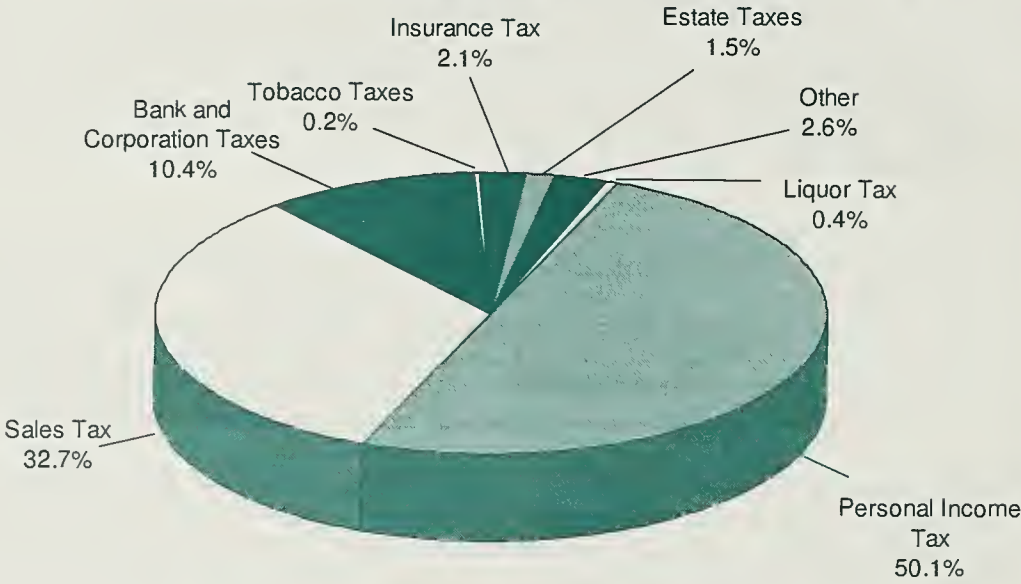
**The Administration proposes to restore both the mid-course correction authority and the automatic expenditure reduction "trigger" mechanism.** The mid-course correction would allow the Director of Finance to revise, alter, or amend the budget following enactment, if required to protect the financial interest of the State. The trigger mechanism would automatically reduce appropriations (with specified exemptions) on a date certain if General Fund revenues or expenditures deviate significantly from the forecast, potentially creating a deficit.

The Administration will work with the Legislature to craft these tools of prudent fiscal management.

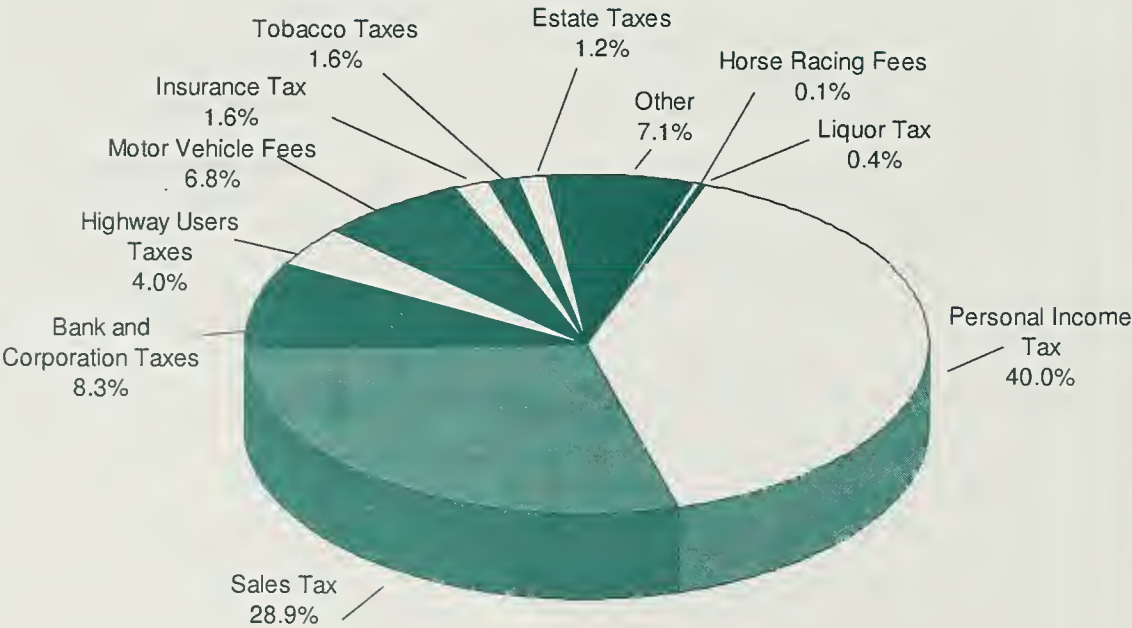
# 1999-00 SUMMARY CHARTS

## SUMMARY CHARTS

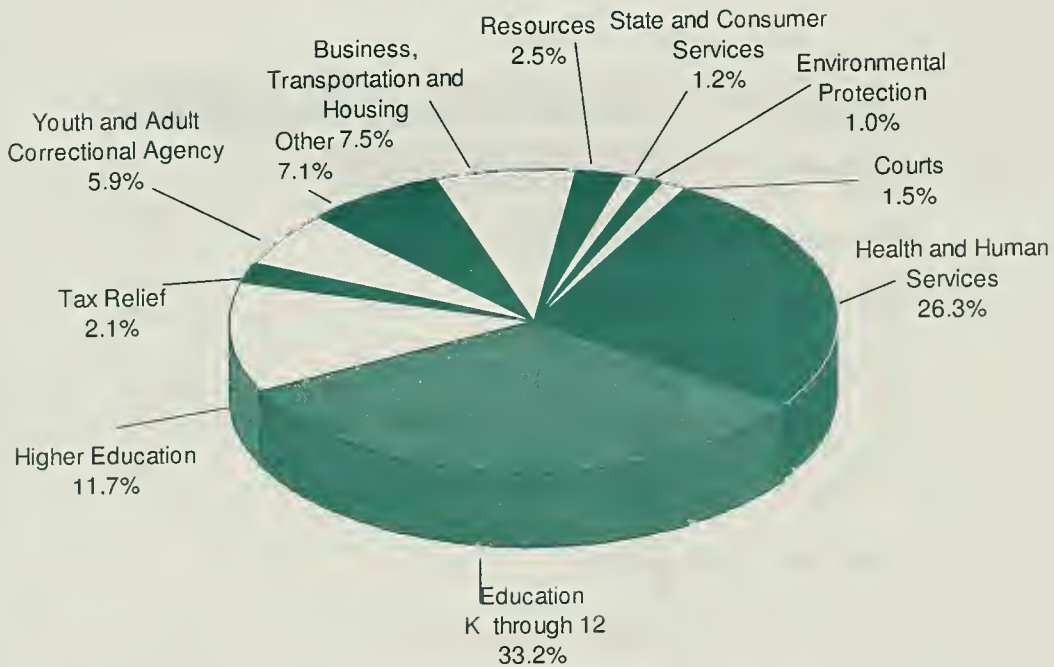
General Fund Revenues and Transfers



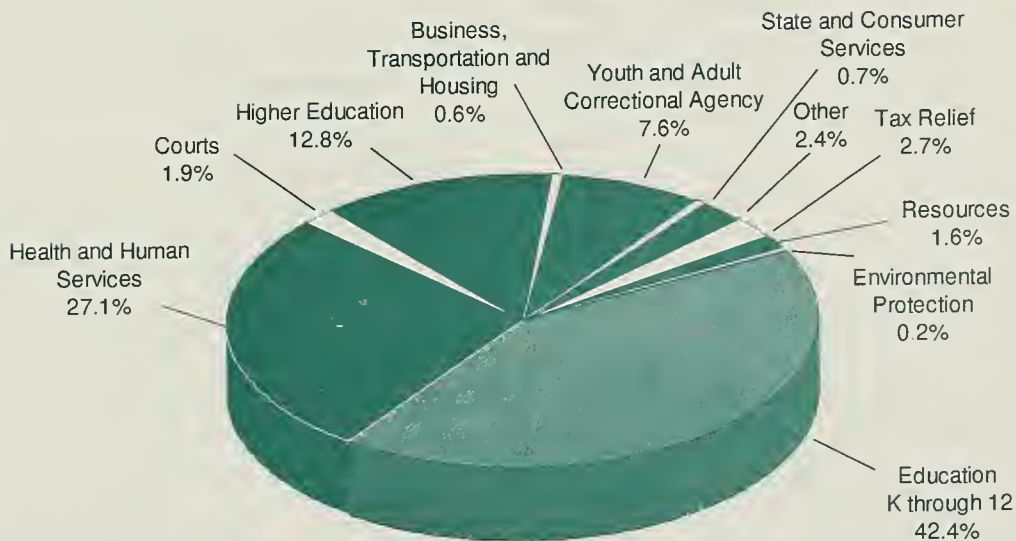
Total Revenues and Transfers



### Total Expenditures (Including Selected Bond Funds)



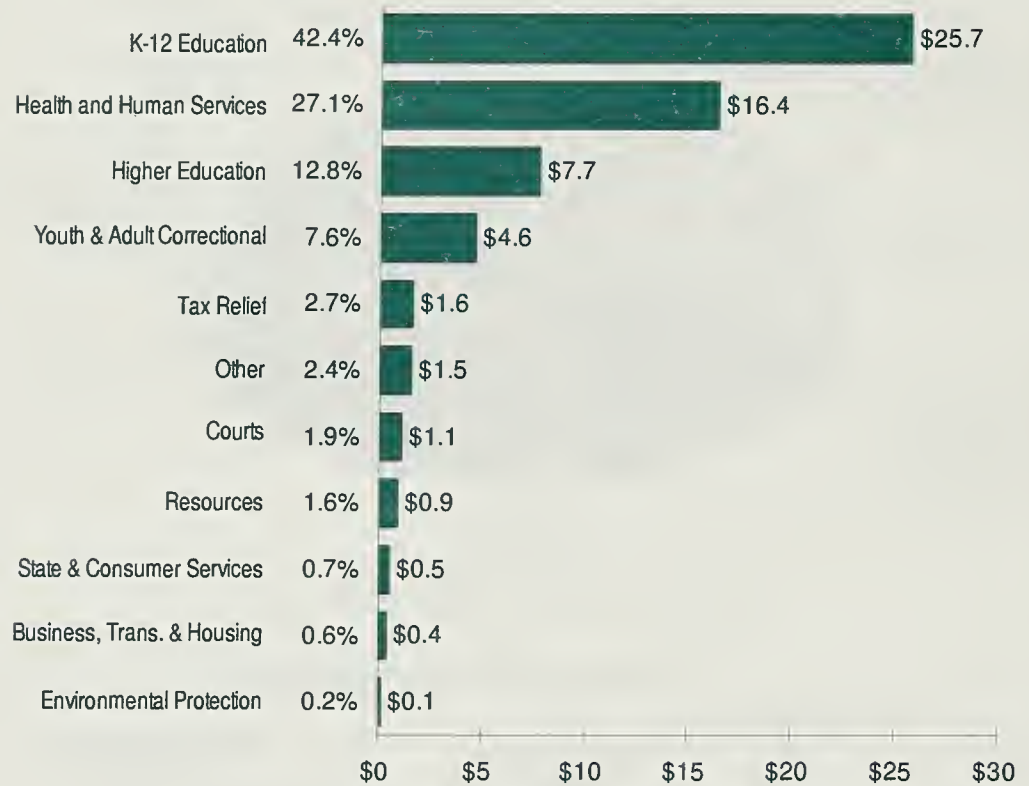
### General Fund Expenditures





## 1999-00 GENERAL FUND EXPENDITURES

(Dollars in Billions)



## 1999-00 EXPENDITURES BY FUND

(Dollars in Millions)

| Function                             | General Fund    | Special Funds   | Bond Funds     | Total           |
|--------------------------------------|-----------------|-----------------|----------------|-----------------|
| Education (K-12)                     | \$25,642        | \$47            | \$35           | \$25,724        |
| Health and Human Services            | 16,385          | 4,014           | 5              | 20,404          |
| Higher Education                     | 7,726           | 702             | 607            | 9,035           |
| Business, Transportation and Housing | 356             | 4,995           | 472            | 5,823           |
| Trade and Commerce                   | 50              | 1               | --             | 51              |
| Courts                               | 1,139           | 45              | --             | 1,184           |
| Tax Relief                           | 1,618           | --              | --             | 1,618           |
| Local Government Subventions         | 111             | 3,255           | --             | 3,366           |
| Youth and Adult Corrections          | 4,589           | 17              | 3              | 4,609           |
| Resources                            | 945             | 920             | 97             | 1,962           |
| Environmental Protection             | 144             | 480             | 75             | 699             |
| State and Consumer Services          | 446             | 480             | 1              | 927             |
| Other                                | 1,324           | 785             | --             | 2,109           |
| <b>Total</b>                         | <b>\$60,475</b> | <b>\$15,741</b> | <b>\$1,295</b> | <b>\$77,511</b> |

## 1999-00 REVENUE SOURCES

(Dollars in Millions)

|                          | General Fund    | Special Fund    |
|--------------------------|-----------------|-----------------|
| Personal Income Tax      | \$30,175        | --              |
| Sales Tax                | 19,680          | \$2,149         |
| Bank and Corporation Tax | 6,295           | --              |
| Highway Users Taxes      | --              | 3,015           |
| Motor Vehicle Fees       | 27              | 5,080           |
| Insurance Tax            | 1,232           | --              |
| Estate Taxes             | 878             | --              |
| Liquor Tax               | 266             | --              |
| Tobacco Taxes            | 130             | 1,091           |
| Horseracing Fees         | --              | 38              |
| Other                    | 1,589           | 3,789           |
| <b>Total</b>             | <b>\$60,272</b> | <b>\$15,162</b> |

**1999-00 GOVERNOR'S BUDGET  
GENERAL FUND  
BUDGET SUMMARY**

(Dollars in Millions)

|  | <u>1998-99</u>  | <u>1999-00</u>  |
|--|-----------------|-----------------|
| Prior Year Balance                         | \$3,076         | \$1,098         |
| Revenues and Transfers                     | <u>\$56,293</u> | <u>\$60,272</u> |
| <b>Total Resources Available</b>           | <b>\$59,369</b> | <b>\$61,370</b> |
| Expenditures                               | <u>\$58,271</u> | <u>\$60,475</u> |
| <b>Fund Balance</b>                        | <b>\$1,098</b>  | <b>\$895</b>    |
| <b>Budget Reserves:</b>                    |                 |                 |
| Reserve for Liquidation of<br>Encumbrances | \$480           | \$480           |
| Special Fund for Economic<br>Uncertainties | \$618           | \$415           |

The economies of both the U.S. and California are expected to slow in 1999 and 2000. Nationally, real (inflation-adjusted) gross domestic product (GDP) is forecast to slow to just under 2 percent growth this year and a little over 2 percent in 2000, from the 1998 increase of more than 3½ percent (Figure ECON-1).

In California, nonfarm employment, which grew more than 3 percent in 1998, is expected to advance 2.1 percent this year and about 2.4 percent in 2000 (Figure ECON 2). Reflecting the slowdown in job growth, income gains this year are predicted at 5.1 percent, down from an estimated 6.3 percent in 1998. In 2000, income growth is pegged at 5½ percent. Inflation is

expected to remain low, with U.S. consumer prices up by about 2½ percent both this year and next.

## THE NATIONAL AND INTERNATIONAL BACKDROP

**The U.S. Economy.** Despite financial markets turmoil at home and abroad, and recessions throughout much of Asia, Eastern Europe, and parts of Latin America, the U.S. economy grew by over 3½ percent last year, down from 1997's 3.9 percent pace. Unemployment hovered around a 28-year low of 4½ percent throughout most of the year, as the economy created jobs at a rate more than double the growth in the working-age population. Despite tight labor markets, inflation, as measured by the broad GDP price index, was held to just 1 percent, the slowest rise in prices since 1959.

Last year's growth occurred despite a near-doubling of the nation's goods and services trade deficit. In constant 1992 dollars, the trade gap widened from \$136 billion in 1997 to almost \$250 billion last year. The plunging trade position subtracted 1½ percent from real GDP growth in 1998.

The dampening effects of the foreign sector last year were offset by increased consumer demand and continued gains in residential and nonresidential fixed investment. Consumer spending—which accounts for two-thirds of the economy—advanced by 4.7 percent after adjusting for inflation, compared to 1997's 3.4 percent gain. However, spending growth came at the expense of household savings—by late 1998, consumers were actually spending more than they took home in income, for the first time since the 1930s (Figure ECON-3).

Fixed investment rose almost 11 percent in real terms, on top of an 8.3 percent increase in 1997. Government outlays continued to lag, with real federal, state, and local purchases (excluding transfer payments) up less than 1 percent last year.

FIGURE ECON-1

U.S. Real Gross Domestic Product Growth

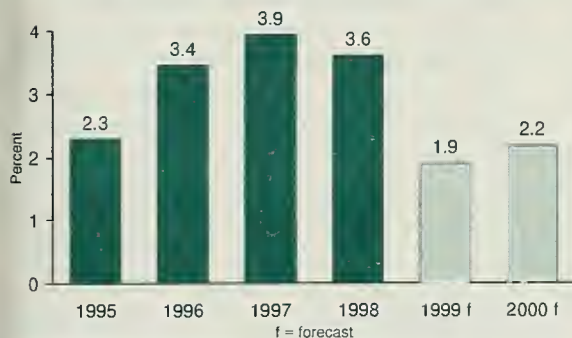


FIGURE ECON-2

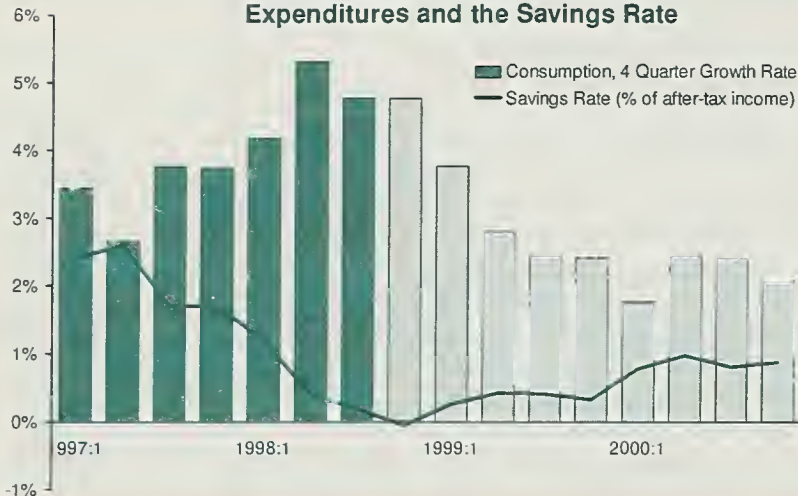
California Nonfarm Employment Growth Rate





FIGURE ECON-3

**U.S. Real Personal Consumption  
Expenditures and the Savings Rate**



Financial markets became turbulent in the second half of 1998, the disruption triggered by the financial collapse in Russia and the near failure—averted by a Federal Reserve arranged bailout—of a major U.S. hedge fund. Stock prices plummeted nearly 20 percent between mid-July and the end of August, while safe-haven U.S. Treasury bonds soared in price and plunged in yield.

Disorderly financial markets, coupled with concerns that Asia's economic troubles could spill over to Latin America and eventually the U.S., prompted a major shift in Federal Reserve monetary policy. Beginning in September, the central bank undertook a significant three-step easing that cut the overnight federal funds rate by 75 basis points to 4.75 percent. The rate cut seems to have steadied the financial markets—stock prices briefly revisited mid-July peaks at the end of November—and also appears to have helped contain the Asia-related risk.

Ordinarily, an easing of monetary policy in an environment of robust economic growth and low unemployment would raise fears of inflation. However, with 40 percent of the world economy in recession, there is virtually no pressure on prices. Indeed, prices of goods actually declined in 1998, and with the broad commodity price indexes hovering at 21-year lows, fears of inflation are being replaced in some quarters by concerns over deflation.

There are a number of elements in the current economic situation that point to a slowdown in U.S. economic growth over the next two years:

- ★ As previously noted, consumer spending has outstripped income growth by a wide margin, with the result that by late 1998 consumers were actually spending more than they earned for the first time since the 1930s. This negative savings rate is not sustainable, and incomes and outlays will almost certainly align themselves in the very near future, implying much slower growth in the economy's largest sector. In 1999, real consumption is forecast to grow 2.9 percent, following last year's 4.7 percent jump (Figure ECON-3).
- ★ Reinforcing the cautious outlook for household income and spending is the prospect of significantly slower job growth. With unemployment at the lowest level since the Vietnam War, and with the working-age population expanding at little more than 1 percent per year, a repeat of anything close to last year's 2.5 percent job growth seems very difficult, if not impossible, to achieve. Thus, employment gains are forecast to slow to 1.4 percent this year and 1.2 percent in 2000.
- ★ Inevitably, business investment is determined by corporate profitability—indeed, most capital spending is financed by internally-generated profits and depreciation. With profits beginning to decline—reflecting

rising labor costs and intense price competition—there is already considerable pressure on business plant and equipment spending. This forecast expects business investment to grow about 2¾ percent in both 1999 and 2000, down from last year's 10.8 percent advance.

- ★ The trade deficit, although unlikely to widen as much in the next two years as it did in 1998, will continue to be a drag on U.S. economic growth.

**International Prospects.** California sells about 15 percent of its goods and services output in international trade—about half to Asia—and the state has been feeling the effects of Asia's economic problems, especially in its high-technology manufacturing sector. Weak Asian economies result in reduced demand for worldwide imports, while weak Asian currencies make their exports cheaper in the U.S. and Europe. The extreme weakness in commodity prices can be traced, for the most part, to slumping Asian demand. Low commodity prices, in turn, dampen the economies of several major California export markets including Canada and Mexico, the state's second and third largest markets. U.S. farm commodity prices—grains and livestock—are also under severe pressure from slack Asian demand.

Although there are some encouraging signs of stabilization in several countries—notably South Korea and Thailand—the real key to recovery in Asia is Japan. It is California's number one foreign market (although Mexico may soon displace it), and Japan accounts for 70 percent of the Asian economy (Figure ECON-4). Without recovery in Japan, there can be no real upturn in Asia. Japan's economy has been essentially flat since 1990, and the past year has witnessed a steep plunge in business activity, with output falling almost 3 percent for all of 1998.

Most observers believe that measures taken thus far by the Japanese government fall short of what is needed to turn the economy around. There are hopes for stabilization later this year, but Japan's real GDP could still fall by 1½ to 2 percent in 1999, with meaningful recovery not emerging until 2000.

With commodity-led slowdowns in Mexico and Canada and a slightly less vibrant economy in Western Europe, 1999 is likely to be another difficult year for U.S. and California exports. The trade picture may begin to improve by the second half of 2000.

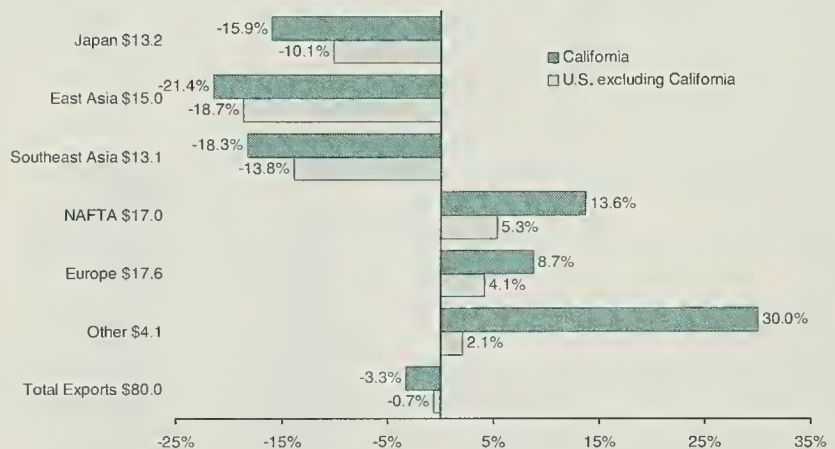
## THE CALIFORNIA ECONOMY

As 1998 unfolded, the impact of Asia's recession on California began to emerge. High-technology manufacturing employment—aerospace and electronics—peaked in March, and by November

FIGURE ECON-4

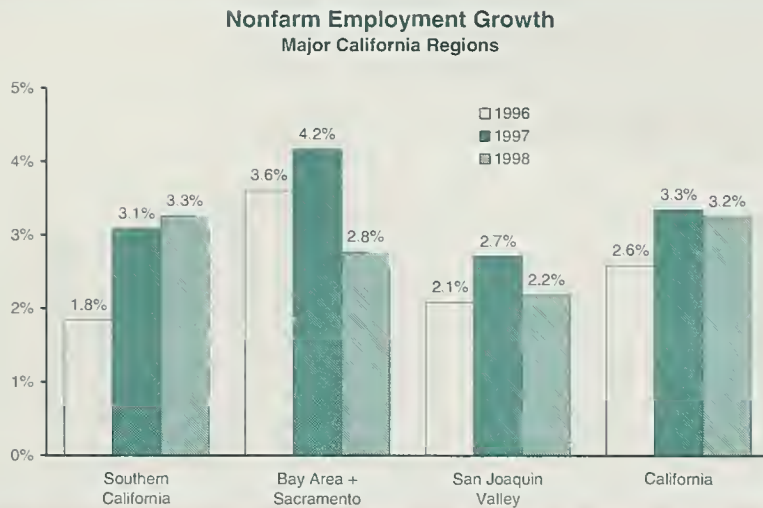
### Made In California and Rest of U.S. Merchandise Exports Percentage Change, First 3 Quarters, 1997 to 1998

Note: California 1998 dollar volume in billions is shown beside region names.



Sources: Massachusetts Institute for Social and Economic Research and U.S. Department of Commerce

FIGURE ECON-5



had lost almost 15,000 jobs, or nearly 3 percent of the industries' workforce. Total nonfarm employment started 1998 with annual growth above 3½ percent, but more recently the year-to-year pace has slowed to around 2.7 percent.

Overall, however, California's economy continued to expand in 1998. Nonfarm employment growth averaged 3.2 percent and personal income was up more than 6 percent. The jobless rate was below 6 percent most of the year. Nonresidential construction activity remained quite strong, with building permit value up almost 18 percent. Homebuilding continued on a moderate recovery path, with permits for new houses reaching 126,000 units, a 13½ percent increase over 1997.

Although weak export demand is likely to persist through at least the next 12 to 18 months, there are other elements in the California economy that will help partially offset the Asia-related problems:

- ★ Demand for computer services and software remains extremely strong, buoyed by the demand to fix Year 2000 problems, the

continued explosive growth of the Internet, and by financial sector needs related to the new Euro currency. This industry—classified within business services—is now approaching the quarter-million employee mark, and with annual growth estimated in the 10 to 12 percent range, the figure could exceed 300,000 by late 2000. Last year, gains in computer services fully offset the drop in high-technology manufacturing.

- ★ Because California is in an earlier phase of its nonresidential construction cycle, the state is likely to continue to see strong gains in commercial and industrial building activity, with permit values expected to rise 12 percent in 1999 and nearly 9 percent in 2000.
- ★ Although the nation faces a slowdown in homebuilding activity—production has been running well above the estimated 1.35 million unit annual demand—California's housing recovery has been quite muted thus far. A turnaround in domestic migration from other states, solid job growth, and mortgage interest rates that are likely to remain near 30-year lows of around 6¾ percent, point to continued gains in California new home construction. Housing permits this year are expected to advance to over 150,000 units, a better than 20 percent increase over 1998, with a further gain to 166,000 units in 2000.
- ★ The strength in construction activity will continue to boost prospects for related manufacturing industries such as stone-clay-glass, lumber, fabricated metals, and furniture. Retail sales of household durable goods—furniture, appliances, floor and window coverings—also benefit significantly from sales of both new and existing homes.
- ★ California, with a jobless rate still more than a percentage point above the national average, has greater potential for job and income growth than do many other parts of



the country where prospects are limited by labor force constraints. Last year, Southern California supplanted the Bay Area as the state's leading growth region. With Bay Area jobless rates generally below 3 percent, compared to almost 6 percent in Los Angeles County, there is greater potential for growth in the Southland (Figure ECON-5).

For these reasons, although California economic growth will slow from the pace of 1997 and 1998, gains in employment and income should continue to outpace the nation. Job growth, for example, is projected at 2.1 percent this year, compared to a nationwide increase of only 1.4 percent. California personal income growth of 5.1 percent in 1999 is also higher than the nationwide forecast of 4.7 percent (Figure ECON-6).

State personal income data were revised significantly downward last fall by the U.S. Bureau of Economic Analysis. For California, 1997 income was cut by \$21 billion, and the growth rate reduced from 7.2 percent to 6 percent. The

revision mainly reflected the removal of stock and bond mutual fund capital gains distributions—capital gains by definition should be excluded from income because they do not result from current production—and by a reassessment of employee benefits to reflect much smaller employer pension contributions made possible by the booming stock market. Thus, the slower growth in income mainly reflects changes in definition, rather than any underlying change in economic conditions.

The exercise of employee stock options—a major element of employee compensation in California's large high-technology sector—is included in personal income as wages and salaries. The relatively narrow gap between U.S. and California personal income growth this year reflects the expectation that a less-ebullient stock market will reduce the growth in option income in 1999.

Figure ECON-7 summarizes the U.S. and California economic forecasts.

**FIGURE ECON-6**





**FIGURE ECON-7**

**Selected Economic Data for 1998, 1999, and 2000**

| United States   | 1998    | 1999    | 2000    |
|---|---------|---------|---------|
| Real gross domestic product, (1992 dollar) (percent change) | 3.6     | 1.9     | 2.2     |
| Personal consumption expenditures                           | 4.7     | 2.9     | 2.2     |
| Gross private domestic investment                           | 9.9     | 0.5     | 2.9     |
| Government purchases of goods and services                  | 0.9     | 2.5     | 1.3     |
| GDP Deflator (1992=100) (percent change)                    | 1.0     | 1.7     | 2.1     |
| GDP, (Current dollar) (percent change)                      | 4.7     | 3.6     | 4.3     |
| Federal Funds Rate (percent)                                | 5.41    | 4.55    | 4.28    |
| Personal income (percent change)                            | 4.9     | 4.7     | 4.4     |
| Corporate profits before taxes (percent change)             | -3.1    | -5.2    | 0.5     |
| Nonfarm wage and salary employment (millions)               | 125.8   | 127.5   | 129.0   |
| (percent change)  | 2.5     | 1.4     | 1.2     |
| Unemployment rate (percent)                                 | 4.5     | 4.8     | 5.1     |
| Housing starts (millions)                                   | 1.59    | 1.50    | 1.46    |
| (Percent change)  | 7.7     | -5.5    | -3.0    |
| New car sales (millions)                                    | 8.0     | 7.5     | 7.5     |
| (Percent change)  | -2.4    | -6.2    | -1.0    |
| Consumer price index (1982-84=100)                          | 163.2   | 167.2   | 171.6   |
| (Percent change)  | 1.6     | 2.4     | 2.6     |
| <b>California</b>   |         |         |         |
| Civilian labor force (thousands)                            | 16,337  | 16,727  | 17,059  |
| (Percent change)  | 2.3     | 2.4     | 2.0     |
| Civilian employment (thousands)                             | 15,392  | 15,754  | 16,064  |
| (Percent change)  | 2.8     | 2.4     | 2.0     |
| Unemployment (thousands)                                    | 945     | 973     | 995     |
| (Percent change)  | -6.1    | 3.0     | 2.2     |
| Unemployment rate (percent)                                 | 5.8     | 5.8     | 5.8     |
| Nonfarm wage and salary employment (thousands)              | 13,588  | 13,873  | 14,205  |
| (Percent change)  | 3.2     | 2.1     | 2.4     |
| Personal income (billions)                                  | \$899.6 | \$945.5 | \$997.1 |
| (Percent change)  | 6.3     | 5.1     | 5.5     |
| Housing units authorized (thousands)                        | 126     | 152     | 166     |
| (Percent change)  | 13.4    | 20.9    | 9.3     |
| Corporate profits before taxes (billions)                   | \$83.1  | \$85.1  | \$88.4  |
| (Percent change)  | 2.7     | 2.5     | 3.9     |
| New auto registrations (thousands)                          | 1,390   | 1,461   | 1,461   |
| (Percent change)  | 3.3     | 5.0     | 0.0     |
| Total taxable sales (billions)                              | \$360.4 | \$379.8 | \$400.3 |
| (Percent change)  | 5.6     | 5.4     | 5.4     |
| Consumer price index (1982-84=100)                          | 163.6   | 167.5   | 172.5   |
| (Percent change)  | 1.9     | 2.4     | 3.0     |

Note: percentage changes calculated from unrounded data.

Since enactment of the final 1998-99 Budget, the General Fund revenue forecast (over the current and budget-year period) has been reduced by \$1.3 billion. Total General Fund revenues are now expected to grow in the budget year to \$60.3 billion, a larger amount than last year but less than expected. This increase reflects two components: an underlying revenue growth rate of 4.7 percent based on economic trends, and non-economic factors that push the overall revenue growth rate to 7.1 percent. Some of these non-economic factors include previously unanticipated revenue from the sale of property and tobacco company litigation.

For the current year, the Budget assumes total General Fund revenues of \$56.3 billion, a 2.4 percent net increase from 1997-98. This revised estimate reflects the impact of the tax relief legislation which reduces current year collections \$851 million from the baseline estimate, with a more moderate revenue loss in the budget year. After accounting for non-economic factors, underlying General Fund revenue growth for the current year is estimated at 4 percent.

Figure REV-1 provides a summary of the revenue forecast for 1998-99 and 1999-00, as well as a preliminary report of actual receipts for 1997-98.

### IMPACT OF 1998 TAX REDUCTION

As noted above, the revenue forecast reflects the impact of the tax relief measures enacted in 1998. That package decreased revenues by \$851 million in 1998-99 and \$320 million in 1999-00. In addition to this state tax reduction, that relief also provided for a 25 percent offset of local vehicle license fees (VLF), which means General Fund expenditures will be increased by \$561 million in 1998-99 and \$1.088 billion in 1999-00 to replace the VLF revenue loss to local governments. The offset can increase to four higher levels—up to 67.5 percent by 2002-03—if revenues exceed statutorily-specified levels in future years. The first year such an increase in the offset percentage can occur is 2000-01, which is beyond the budget year forecast. More detail is provided on the VLF offset program in the discussion of motor vehicle fees.

**FIGURE REV-1**

#### General Fund Revenue (Dollars in Millions)

|                                       | 1997-98<br>Preliminary | 1998-99<br>Forecast | 1999-00<br>Forecast |
|---------------------------------------|------------------------|---------------------|---------------------|
| Personal income tax                   | \$27,925               | \$28,526            | \$30,175            |
| Sales and use tax                     | 17,583                 | 18,620              | 19,680              |
| Bank and corporation tax              | 5,837                  | 5,926               | 6,295               |
| All other                             | 3,628                  | 3,221               | 4,122               |
| <b>Totals, revenues and transfers</b> | <b>\$54,973</b>        | <b>\$56,293</b>     | <b>\$60,272</b>     |
| <b>Annual percent change</b>          | <b>11.7%</b>           | <b>2.4%</b>         | <b>7.1%</b>         |

REVENUE ESTIMATES

Figure REV-2 provides additional detail on the 1998 tax relief package.

REVENUES IN TOTAL

Overall, General Fund revenues and transfers represent nearly 80 percent of total revenues. The remaining 20 percent are special funds dedicated to specific programs. The three largest revenue sources (personal income, sales, and bank and corporation taxes) account for about 75 percent of total revenues.

PERSONAL INCOME TAX:  
\$30.175 BILLION

Overall, personal income tax revenues are expected to increase by 2.2 percent for 1998-99 and 5.8 percent for 1999-00. The estimate includes the impact of the tax package enacted in August 1998 (Chapters 322 and 323, Statutes of 1998). This legislation, which included reinstatement of the renters' credit program and an increase in the dependent credit, reduced revenues by \$787 million in 1998-99 and \$208 million in 1999-00.

FIGURE REV-2

1998-99 Tax Relief Package  
Summary of Fiscal Impact  
(Dollars in Millions)

| Bill/Chapter Number             | Description  | Fiscal Impact   |                 |
|---------------------------------|--|-----------------|-----------------|
|                                 |  | 1998-99         | 1999-00         |
| AB 2797/Chapter 322             | 25 percent vehicle license fee offset                                | -\$561          | -\$1,088        |
|                                 | Nonrefundable renters' credit  | -133            | -141            |
|                                 | Increased dependent credit for 1998                                  | -612            | -22             |
|                                 | Credits for firms manufacturing for the joint strike fighter program | --              | --              |
|                                 | Federal conformity   | -34             | -29             |
|                                 | <b>Total Chapter 322</b>   | <b>-1,340</b>   | <b>-1,280</b>   |
| AB 2798/Chapter 323             | Reduction in minimum franchise tax                                   | -4              | -11             |
|                                 | Sales tax exemption for space launch vehicles                        | -4              | -8              |
|                                 | Enterprise zone extension  | -3              | -3              |
|                                 | Increased health insurance deduction for self-employed               | --              | -12             |
|                                 | Permanent extension of employer child care credits                   | -10             | -11             |
|                                 | Estate tax interest rate and payment conformity                      | -3              | -3              |
|                                 | Increased alternative incremental research and development credit    | -15             | -18             |
|                                 | Extension of manufacturers' investment credit to software activities | -6              | -7              |
|                                 | Sales tax exemption for postproduction equipment                     | -4              | -8              |
|                                 | Sales tax exemption for perennial plants                             | -3              | -7              |
|                                 | <b>Total Chapter 323</b>   | <b>-52</b>      | <b>-88</b>      |
| SB 27/Chapter 335               | Horse racing license fee reduction                                   | -20             | -40             |
| <b>Total Tax Relief Package</b> |  | <b>-\$1,412</b> | <b>-\$1,408</b> |



The 1998 tax relief package will substantially reduce the number of people subject to the personal income tax. For example, a single taxpayer with no dependents using the standard deduction and the renters' credit will not have a 1998 tax liability until the taxpayer's adjusted gross income reaches \$11,709. For 1997, the tax threshold for such an individual was \$8,492. A married couple with two dependents using the standard deduction and the renters' credit would have been subject to tax at an income of \$23,783 in 1997, but not until their income reaches \$39,161 in 1998.

The estimate also incorporates the federal legislation adopted in the Internal Revenue Service (IRS) Reform and Restructuring Act of 1998 that provides California with the authority to establish an IRS offset program. Under this program, the IRS will withhold federal tax refunds to satisfy legally enforceable, past due state tax obligations, augmenting personal income tax revenues by \$80 million annually. The program will apply to refunds issued after December 31, 1999; however, any revenues attributable to the 1998-99 fiscal year would be accrued back to that year.

The estimate also incorporates the impact of budget change proposals for the Franchise Tax Board's (FTB) Integrated Nonfiler Compliance program and to increase the FTB's audit positions. Combined, these added \$28 million of revenue in 1999-00.

The California personal income tax, which contributes approximately 50 percent of all General Fund revenues, is closely modeled after the federal income tax law. California's tax is imposed on net taxable income, that is, gross income less exclusions and deductions. The tax is progressive, with rates ranging from 1 to 9.3 percent. Personal, dependent, and other credits are allowed against the gross tax liability.

In addition, taxpayers may be subject to an alternative minimum tax (AMT), which is much

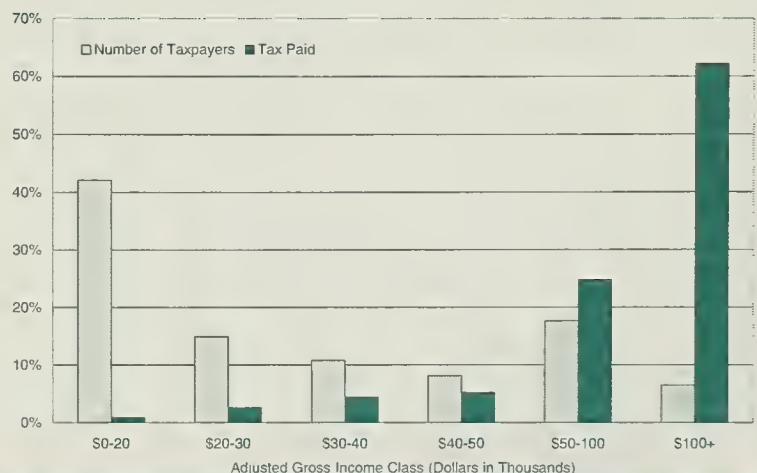
like the federal AMT. This feature is designed to ensure that excessive use of tax preferences does not reduce taxpayers' liabilities below a minimum level. The AMT is equal to seven percent of the alternative minimum taxable income that exceeds an exemption amount.

The personal income tax is adjusted annually by the change in the California Consumer Price Index to prevent taxpayers from being pushed into higher tax brackets without a real increase in income.

The difficulty in forecasting personal income tax receipts is increased by the progressive nature of the tax. One dollar of income on a high-income tax return can generate nine times the revenue from a dollar on a low-income return. In addition, very high-income taxpayers usually have considerable discretion over the timing of income and deductions. Thus, substantial changes in the portfolios or tax planning of relatively few taxpayers can have a dramatic impact on state revenues.

**FIGURE REV-3**

**Percentage of Taxpayers & Percent of Tax Paid,  
1996 Tax Year**





In 1996, for example, the top 6.5 percent of state taxpayers—those with adjusted gross incomes of over \$100,000—paid 62.2 percent of the personal income tax. At the same time, lower income taxpayers, those with adjusted gross incomes of less than \$20,000, paid only 0.9 percent of the personal income tax in 1996 yet represented 42.1 percent of all California taxpayers.

The progressivity of California's tax system is demonstrated in Figure REV-3, which displays the percent of total returns and tax paid by adjusted gross income class.

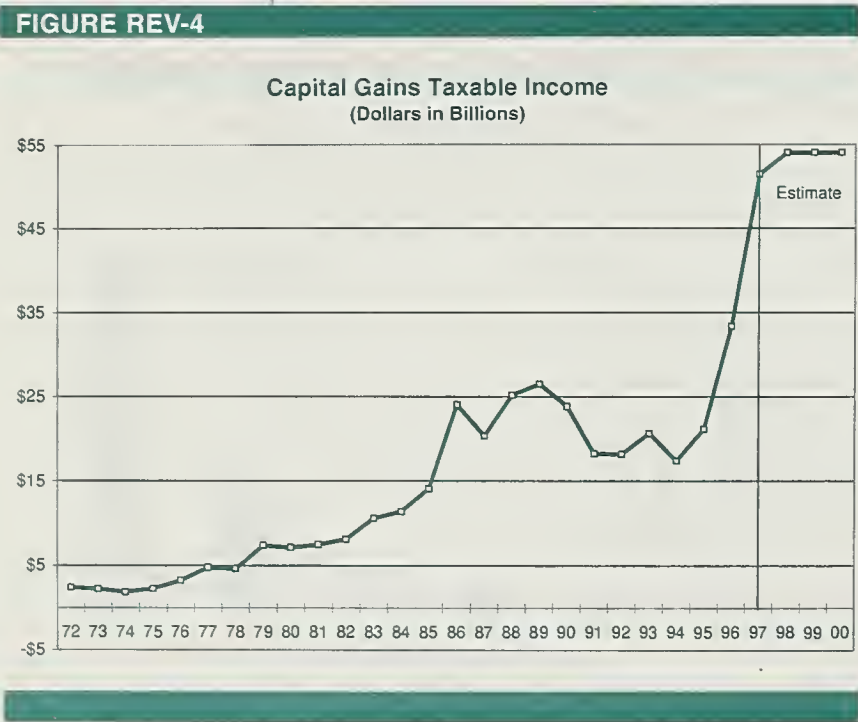
The volatility of capital gains also complicates personal income tax revenue forecasting. Not only are stock and real estate market gains inherently difficult to predict, but holders of capital assets are usually very high-income taxpayers who are subject to the maximum tax rate and can time the realization of gains and the payment of tax to their advantage.

Preliminary data indicate that 1997 was another impressive year for capital gains, increasing approximately 54 percent from the 1996 tax year. To put this in perspective, 1997's 54 percent increase was on top of the 58 percent growth experienced in 1996, which was on top of the 22 percent growth rate achieved in 1995. Over the three-year period, the level of capital gains almost tripled.

In this forecast, capital gains are expected to climb an additional five percent in 1998 from the 1997 level and remain at that level in 1999. The level of capital gains from 1972 through the forecast period is shown in Figure REV-4.

Another uncertainty is how much the federal capital gains rate reduction in 1997 stimulated additional asset sales and whether this effect is one-time or ongoing. The Department of Finance forecast ties to the FTB's assumption that the impact of the federal law change—while greatest in 1997—will result in significant ongoing sales.

Forecast revenues for the current and budget years, compared with preliminary collections in 1997-98, are:



**Personal Income Tax Revenue**  
(Dollars in Millions)

|                       |          |
|-----------------------|----------|
| 1997-98 (Preliminary) | \$27,925 |
| 1998-99 (Forecast)    | 28,526   |
| 1999-00 (Forecast)    | 30,175   |

**SALES TAX: \$19.68 BILLION**

Sales and use taxes are imposed on the retail sale or use of tangible personal property in California. Most retail sales and leases are subject to the tax. However, exemptions are provided for certain items such as food for home consumption, prescription drugs, and electricity, making the tax more progressive than it would be otherwise. Additional exemptions provide targeted tax relief for a variety of sales ranging from custom computer programs to goods used in space flight.

FIGURE REV-5

## State and Local Sales and Use Tax Rates

|   |       |  |
|---|-------|--|
| <b>State Rates</b>                      |       |  |
| General Fund                            | 5.00% | Pursuant to Chapter 117, Statutes of 1991, this rate may be temporarily reduced by 0.25% if certain requirements regarding General Fund reserves are met. The temporary rate reduction could be reversed if General Fund reserves were to fall below the statu               |
| Local Revenue Fund                      | 0.50% | Dedicated to local governments to fund health and welfare programs transferred to counties as part of state-local realignment.   |
| <b>Local Uniform Rates</b>              |       |  |
| Bradley-Burns                           | 1.00% | Imposed by city and county ordinance for general purpose use. <sup>1</sup>   |
| Transportation Rate                     | 0.25% | Dedicated for county transportation purposes.  |
| Local Public Safety Fund                | 0.50% | Dedicated to counties for public safety purposes. This rate was imposed temporarily by statute in 1993 and made permanent by the voters later that year through passage of Proposition 172.  |
| <b>Local Add-on Rates</b>               |       |  |
| Transactions and Use Taxes <sup>2</sup> | 1.50% | May be levied in 0.25% increments up to a combined maximum of 1.50% in any county. <sup>3</sup> Any ordinance authorizing a supersessions and use tax requires approval by the county Board of Supervisors or special purpose authority created by the county Board of Super |

<sup>1</sup> The city tax constitutes a credit against the county tax. The combined rate is never more than 1 percent in any area.

<sup>2</sup> These locally-imposed taxes are collected by the State for each local jurisdiction and are not included in the State's revenue totals.

<sup>3</sup> The three exceptions to the 1.5 percent maximum include San Mateo County and San Francisco City and County, which may exceed the limit by 0.50 percent and 0.25 percent, respectively, and San Diego County, which is subject to a 1 percent maximum. Stanislaus and San Joaquin Counties may levy transactions and use taxes in increments of 0.125 percent. To date, 35 counties and countywide special districts have levied transactions and use taxes. Six cities have also been granted legislative authority to impose transactions and use taxes on less than countywide bases.

FIGURE REV-6

## Combined State and Local Sales and Use Tax Rates by County

(Rates in Effect on October 1, 1998)

| County                       | Tax Rate | County                     | Tax Rate | County                | Tax Rate |
|------------------------------|----------|----------------------------|----------|-----------------------|----------|
| Alameda .....                | 8.25%    | Madera .....               | 7.75%    | San Joaquin .....     | 7.75%    |
| Alpine .....                 | 7.25%    | Marin .....                | 7.25%    | San Luis Obispo ..... | 7.25%    |
| Amador .....                 | 7.25%    | Mariposa .....             | 7.25%    | San Mateo .....       | 8.25%    |
| Butte .....                  | 7.25%    | Mendocino .....            | 7.25%    | Santa Barbara .....   | 7.75%    |
| Calaveras .....              | 7.25%    | Merced .....               | 7.25%    | Santa Clara .....     | 8.25%    |
| Colusa .....                 | 7.25%    | Modoc .....                | 7.25%    | Santa Cruz .....      | 8.00%    |
| Contra Costa .....           | 8.25%    | Mono .....                 | 7.25%    | Shasta .....          | 7.25%    |
| Del Norte .....              | 7.25%    | Monterey .....             | 7.25%    | Sierra .....          | 7.25%    |
| El Dorado .....              | 7.25%    | Napa .....                 | 7.75%    | Siskiyou .....        | 7.25%    |
| Fresno .....                 | 7.75%    | Nevada <sup>3/</sup> ..... | 7.375%   | Solano .....          | 7.375%   |
| Glenn .....                  | 7.25%    | Orange .....               | 7.75%    | Sonoma .....          | 7.50%    |
| Humboldt .....               | 7.25%    | Placer .....               | 7.25%    | Stanislaus .....      | 7.375%   |
| Imperial <sup>1/</sup> ..... | 7.75%    | Plumas .....               | 7.25%    | Sutter .....          | 7.25%    |
| Inyo .....                   | 7.75%    | Riverside .....            | 7.75%    | Tehama .....          | 7.25%    |
| Kern .....                   | 7.25%    | Sacramento .....           | 7.75%    | Trinity .....         | 7.25%    |
| Kings .....                  | 7.25%    | San Benito .....           | 7.75%    | Tulare .....          | 7.25%    |
| Lake <sup>2/</sup> .....     | 7.25%    | San Bernardino .....       | 7.75%    | Tuolumne .....        | 7.25%    |
| Lassen .....                 | 7.25%    | San Diego .....            | 7.75%    | Ventura .....         | 7.25%    |
| Los Angeles .....            | 8.25%    | San Francisco .....        | 8.50%    | Yolo .....            | 7.25%    |
|                              |          |                            |          | Yuba .....            | 7.25%    |

<sup>1/</sup> 8.25% for sales in the City of Calxico (Calxico Heffernan Memorial Hospital District).

<sup>2/</sup> 7.75% for sales in the City of Clearlake (City of Clearlake Public Safety Transactions and Use Tax).

<sup>3/</sup> 7.875% for sales in the Town of Truckee (Town of Truckee Road Maintenance Transactions and Use Tax)

A summary of the sales and use tax rates currently imposed at the state and local levels is presented in Figure REV-5. Combined state and local tax rates currently imposed in each county are summarized in Figure REV-6.

Taxable sales in 1997 grew 6.3 percent over 1996, following year-over-year increases of 5.2 percent and 6.7 percent in 1995 and 1996, respectively. Preliminary data received for the first three quarters of 1998 suggest that the revenue growth seen over the last two years will moderate somewhat; sales for 1998 are expected to be up by 5.6 percent over 1997.

Revenue growth is expected to continue at a similar but slightly slower pace during 1999 and 2000—up 5.3 percent and 5.5 percent, respectively. Growth in taxable sales is anticipated to be broadly based across many sectors of the economy throughout the forecast period. However, the largest percentage increases are



**FIGURE REV-7**

### Taxable Sales Growth in California

|  | 1997<br>Actual | 1998<br>Forecast | 1999<br>Forecast | 2000<br>Forecast |
|--|----------------|------------------|------------------|------------------|
| Transportation <sup>1/</sup>             | 7.2%           | 2.2%             | 3.9%             | 5.2%             |
| Fuel <sup>2/</sup>                       | 1.9%           | -8.9%            | 2.4%             | 4.3%             |
| Building Materials <sup>3/</sup>         | 10.2%          | 15.3%            | 9.1%             | 6.8%             |
| Manufacturing and Services <sup>4/</sup> | 6.2%           | 4.1%             | 3.8%             | 4.7%             |
| All other Retail Sales                   | 5.6%           | 7.1%             | 6.3%             | 5.5%             |
| <b>Total Taxable Sales</b>               | <b>6.3%</b>    | <b>5.6%</b>      | <b>5.3%</b>      | <b>5.5%</b>      |

<sup>1/</sup> Weakness in the transportation sector in 1998 is due in part to the General Motors strike.

<sup>2/</sup> Weakness in the fuel sector in 1998 can be attributed to low fuel prices.

<sup>3/</sup> Growth in the building materials sector reflects a vibrant housing market in California.

<sup>4/</sup> Decreasing exports of goods to Asia is contributing to the slowing of the manufacturing sector.

expected in the building, services, specialty goods, apparel, and eating and drinking sales components.

A summary of the forecast for taxable sales growth is presented in Figure REV-7. A breakdown of sales by major component is presented in Figure REV-8.

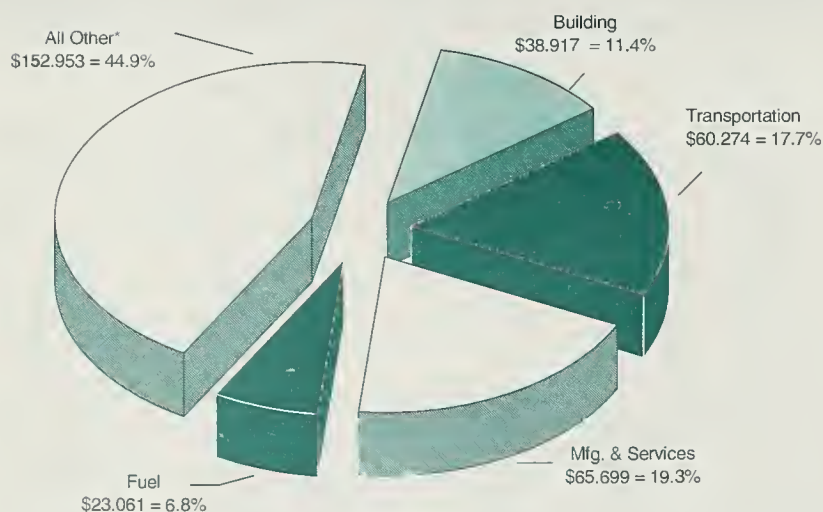
The sales and use tax revenue forecast is prepared by relating taxable sales by type of goods purchased to economic factors such as income, employment, housing starts, new car sales, and inflation. The forecast is then adjusted for significant legislation and other factors expected to affect sales tax revenues.

The forecast includes the following significant adjustments:

- ★ Chapter 323, Statutes of 1998, included measures that are estimated to decrease sales tax revenues by \$11.5 million in 1998-99 and by \$23 million in 1999-00. These measures include sales tax exemptions for perennial plants, property used in teleproduction or post-production services, and property used in space flights.
- ★ Sales tax revenues have been increased by \$5 million annually beginning with the 1998-99 fiscal year for the enactment of the Internal Revenue Service Reform and Restructuring Act of 1998, which allows California to establish an IRS offset program.
- ★ A budget change proposal to increase the number of Board of Equalization auditors is expected to provide an additional \$14 million in 1999-00.

**FIGURE REV-8**

### 1997 Taxable Sales by Major Components (Dollars in Billions)



\* Includes apparel, general merchandise, specialty goods, eating & drinking establishments, and agricultural goods.

Current law specifies that certain state revenues from the sales tax on gasoline and diesel fuel sales be transferred to the Public Transportation Account. The combined transfer to this account is estimated to be \$174 million in 1998-99 and \$173 million in 1999-00.

**FIGURE REV-9****Sales Tax Revenue**  
(Dollars in Thousands)

|                                | 1997-98<br>Preliminary | 1998-99<br>Forecast | 1999-00<br>Forecast |
|--------------------------------|------------------------|---------------------|---------------------|
| General Fund                   | \$17,582,517           | \$18,620,000        | \$19,680,000        |
| Sales and Use Tax--Realignment | 1,789,783              | 1,879,500           | 1,976,600           |
| Public Transportation Account  | 182,227                | 173,707             | 172,862             |
| <b>Total</b>                   | <b>\$19,554,527</b>    | <b>\$20,673,207</b> | <b>\$21,829,462</b> |

**Sales and Use Tax Revenue**  
(Dollars in Millions)

|                       |          |
|-----------------------|----------|
| 1997-98 (Preliminary) | \$17,583 |
| 1998-99 (Forecast)    | 18,620   |
| 1999-00 (Forecast)    | 19,680   |

**BANK & CORPORATION TAX:**  
**\$6.295 BILLION**

Bank and corporation tax revenues are derived from four taxes:

- ★ The franchise tax and the corporate income tax are levied at an 8.84 percent rate on profits. The former is imposed on corporations for the privilege of doing business in California, while the latter is imposed on corporations that do not do business in the state but derive income from California sources. An example of this type of out-of-state company would be a corporation that maintains a stock of goods in California from which deliveries are made to fill orders taken by independent dealers or brokers. Corporations that have a limited number of shareholders and meet other requirements to qualify for state Subchapter S status are taxed at a 1.5 percent rate rather than the 8.84 percent imposed on other corporations. (Subchapter S status provides the limited liability of corporate status combined with the tax advantages of partnerships—i.e., the S-corporation's profits and losses flow through to their shareholders and are subject to tax at the appropriate personal income tax rate.)
- ★ Banks and other financial corporations pay an additional two percent tax (i.e., "bank tax") on their net income. This tax is in lieu of personal property taxes and business license taxes, but in addition to the franchise tax.

- ★ The alternative minimum tax is similar to that in federal law. Imposed at a rate of 6.65 percent, the alternative minimum tax ensures that high-income taxpayers do not make excessive use of deductions and exemptions to avoid paying a minimum level of tax.
- ★ A minimum franchise tax of \$800 is imposed on corporations subject to the franchise tax but not on those subject to the corporate income tax. New corporations with gross receipts under \$1 million pay a reduced minimum tax of \$300 for their first year of incorporation and \$500 for their second year.

In forecasting the bank and corporation tax, the relationship of California profits to the national corporate profits is important. The forecast also involves analysis of the trend in California noncorporate business income and employment as well as recent actual cash experience. (Noncorporate business income is available for California whereas corporate profit data are not.)

The forecast incorporates the latest economic outlook and the impact of legislation enacted in 1998. Consistent with the economic outlook, taxable profits are estimated to grow at a moderate rate through the forecast period. It has been suggested that the electric utility deregulation may result in additional bank and corporation tax revenues. However, receipts to date do not appear to indicate such an increase in profits



and, therefore, none was assumed in the budget forecast.

Preliminary data indicate that while the level of 1997 income-year profits was up 3.5 percent from 1996, the tax liability was down by 0.9 percent. Credit usage (largely the research and development credit and the Manufacturers' Investment Credit) and S-corporation activity are considered to be the primary reasons for the divergence between profit and liability growth. S-corporations accounted for 23 percent of total taxable profits in 1997. For comparison purposes, their share was 14.7 percent in 1991. This diverging trend between profits and liabilities can be seen in Figure REV-10.

Significant legislation enacted in 1998 included the following:

- ★ Chapter 322, Statutes of 1998, substantially conformed to numerous federal provisions—most of which were enacted by the Taxpayer

Relief Act of 1997—and provided credits for firms that are under contract or subcontract to manufacture property for ultimate use in the U.S. government's joint strike fighter program.

- ★ Chapter 323, Statutes of 1998, enacted a number of changes, including (1) reducing the minimum franchise tax to \$300 for the first year and \$500 for the second year of a new, small business, (2) modifying the Enterprise Zone program, (3) permanently extending the employer child care credits, (4) increasing the three-tier alternative incremental credit percentages for research and development expenses, and (5) expanding the manufacturers' investment credit to include specified computer programming and software activities.

In addition to these adjustments, the bank and corporation tax forecast was increased by \$8 million in 1999-00 to reflect a Franchise Tax Board budget change proposal for the hiring of additional auditors.

Forecast revenues compared to preliminary collections in 1997-98 are:

**Bank and Corporation Tax Revenue  
(Dollars in Millions)**

|                       |         |
|-----------------------|---------|
| 1997-98 (Preliminary) | \$5,837 |
| 1998-99 (Forecast)    | 5,926   |
| 1999-00 (Forecast)    | 6,295   |

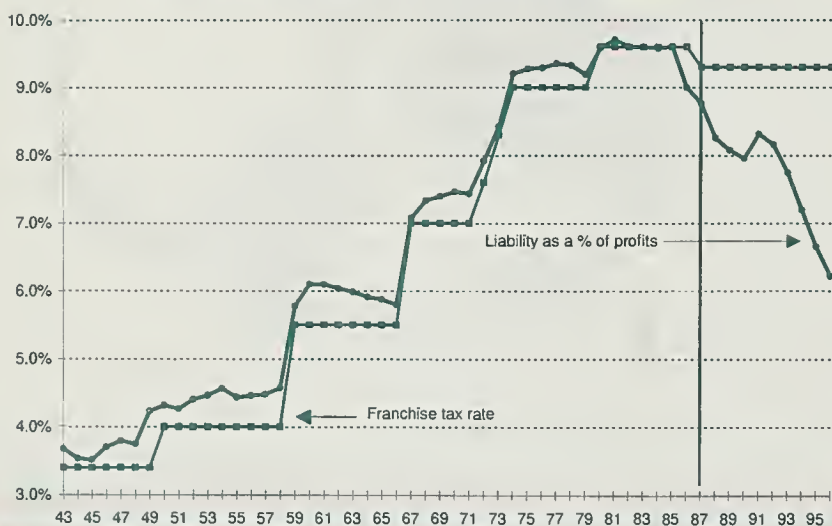
**INSURANCE TAX: \$1.232 BILLION**

The majority of insurance written in California is subject to a 2.35 percent gross premiums tax. This premium tax takes the place of all other state and local taxes except those on real property and motor vehicles. The basis of the tax is the amount of "gross premiums" received, less return premiums, upon business done in California.

There are some exceptions. Insurers transacting title insurance are taxed upon all income received in this state, with the exceptions of

**FIGURE REV-10**

**Corporations Reporting Taxable Profits  
Tax Liability as a Percent of Profits, by Income Year**



interest, dividends, rents from real property, profits from the sale or disposition of investments, and income arising out of investments. Ocean marine insurers are taxed upon underwriting profits at a 5 percent rate. Other exceptions to the 2.35 percent rate include certain pension and profit-sharing plans, including qualified annuities, which are taxed at the lesser rate of 0.5 percent and certain specialized lines of insurance which are taxed at 3 percent.

The Department of Finance conducts an annual survey to project insurance premium growth. Responses are obtained from about 300 insurance companies, which account for over two-thirds of the insurance written in California.

Figure REV-11 illustrates the proportion of premiums by insurance type from which the revenue is derived. For 1997, \$55.7 billion in taxable premiums was reported which is an increase of 2.7 percent over 1996. The most recent survey indicates that taxable premiums declined by 4.2 percent in 1998 and will increase by 1.9 percent in 1999. Much of the 1998 decline was attributable to annuities and property and casualty insurance. The survey indicated that annuity premiums declined 16 percent from 1997 levels as low interest rates reduced the attractiveness of this product to consumers. In addition, property and casualty premiums for various lines of liability insurance are estimated to have dropped 4 percent from 1997 levels. This drop is indicative of the soft pricing that is occurring in the market today.

Forecast revenues for 1998-99 and 1999-00, compared with preliminary collections in 1997-98 are:

**Insurance Tax Revenue  
(Dollars in Millions)**

|                       |         |
|-----------------------|---------|
| 1997-98 (Preliminary) | \$1,221 |
| 1998-99 (Forecast)    | 1,238   |
| 1999-00 (Forecast)    | 1,232   |

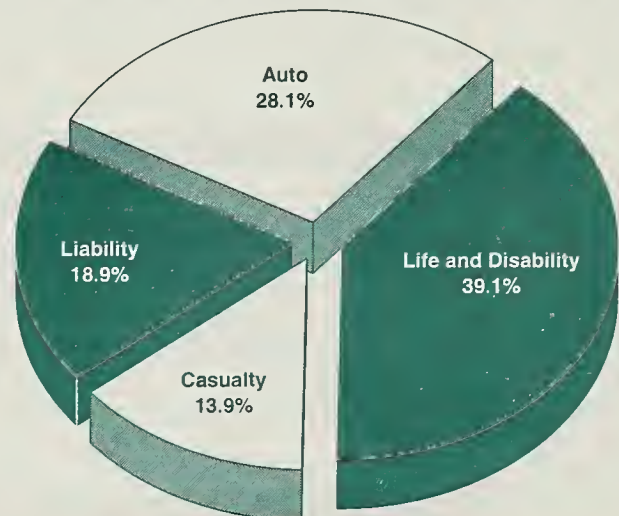
**ESTATE/INHERITANCE/GIFT TAXES:  
\$878 MILLION**

Proposition 6, an initiative measure adopted by the voters in June 1982, repealed the inheritance and gift taxes and imposed instead an estate tax known as "the pick-up tax," because it is designed to pick up the maximum credit allowed against the federal estate tax. The pick-up tax is computed on the basis of the federal "taxable estate," with tax rates that range from 0.8 percent to 16 percent. This tax does not increase the liability of the estate due to the fact that it would otherwise be paid to the federal government. For state tax purposes, the former inheritance and gift taxes apply to deaths and gifts occurring prior to June 1982, whereas transfers attributable to deaths on or after that date would only be subject to the federal pick-up tax.

Forecast revenues compared with preliminary collections for 1997-98 are:

**FIGURE REV-11**

**Insurance Premiums by Category**



Estate, Inheritance, and Gift Tax Revenue  
(Dollars in millions)

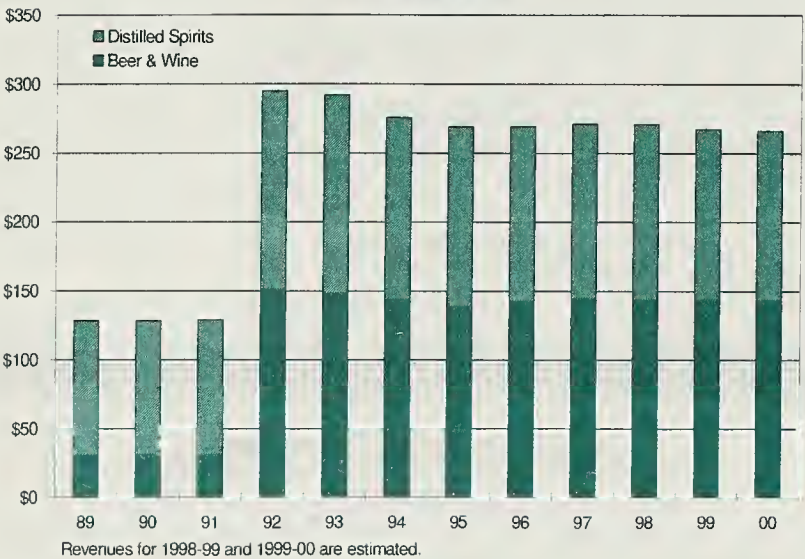
|                       |       |
|-----------------------|-------|
| 1997-98 (Preliminary) | \$780 |
| 1998-99 (Forecast)    | 838   |
| 1999-00 (Forecast)    | 878   |

ALCOHOLIC BEVERAGE TAXES:  
\$266 MILLION

Taxes on alcoholic beverages are levied on the sale of beer, wine, and distilled spirits. The rates vary with the type of alcoholic beverage. The tax rate per gallon for beer, dry wine, and sweet wine is \$0.20. The tax rates per gallon for sparkling wine and distilled spirits are \$0.30 and \$3.30, respectively.

FIGURE REV-12

Alcoholic Beverage Tax Revenue  
(Dollars in Millions)



Alcoholic beverage revenue estimates are based on projections of total and per capita consumption for each type of beverage. Total consumption of all alcoholic beverages is expected to decline slightly, with increases in the drinking-age population reducing the magnitude of the overall decline.

Total alcoholic beverage tax revenues from 1988-89 through 1999-00 are illustrated in Figure REV-12. Forecast revenues compared with preliminary collections for 1997-98 are shown in Figure REV-13.

CIGARETTE TAX: \$130 MILLION

Beginning January 1, 1999, the excise tax imposed on distributors selling cigarettes in California was increased from 37 cents to 87 cents per pack as a result of voters' approval of Proposition 10—the California Children and Families First Initiative—in November 1998. At the same time, this proposition imposed a new excise tax on cigars, chewing tobacco, pipe tobacco, and snuff at a rate equivalent to the 50-cents-per-pack tax increase on cigarettes.

Proceeds of these increased excise taxes are to be allocated primarily for early childhood development programs. Revenues will be lower than earlier anticipated because of the tobacco settlement price increases. In addition, the higher excise tax on cigarettes will automatically trigger an additional increase in the tax on other tobacco products beginning July 1, 1999, with the proceeds going to the Cigarette and Tobacco

FIGURE REV-13

Beer, Wine, and Distilled Spirits Revenue  
(Dollars in Millions)

|                   | 1997-98<br>Preliminary | 1998-99<br>Forecast | 1999-00<br>Forecast |
|-------------------|------------------------|---------------------|---------------------|
| Beer and Wine     | \$143.9                | \$143.9             | \$143.8             |
| Distilled Spirits | 127.0                  | 123.7               | 122.5               |
| Total             | \$270.9                | \$267.6             | \$266.3             |



Products Surtax Fund. Thus, this proposition increased the total excise tax on other tobacco products by an amount equivalent to a one-dollar-per-pack increase in the cigarette tax.

The 87-cents-per-pack state excise tax on cigarettes is allocated as follows:

- ★ Fifty cents of the per-pack tax on cigarettes, and the equivalent rate levied on non-cigarette tobacco products, goes to the California Children and Families First Trust Fund for distribution as specified in Proposition 10.
- ★ Twenty-five cents of the per-pack tax on cigarettes, and the equivalent rates levied on non-cigarette tobacco products, is allocated to the Cigarette and Tobacco Products Surtax Fund for distribution as determined by Proposition 99 of 1988.
- ★ Ten cents of the per-pack tax is allocated to the State's General Fund.
- ★ The remaining two cents of the per-pack tax is deposited into the Breast Cancer Fund.

Projections of total and per capita consumption of cigarettes provide the basis for the cigarette tax estimate. The cumulative effect of product price increases, the increasingly restrictive environment for smokers, and state anti-smoking campaigns funded by Proposition 99 revenues have all significantly impacted cigarette consumption.

Per capita consumption declined on average three percent annually from 1983-84 through 1987-88, and then decreased even more rapidly with the onset of Proposition 99. During 1989-90, per capita consumption was about 123 packs versus 83 packs in 1997-98—a 32 percent decrease over eight years. The estimated increase in the smoking-age population will somewhat offset the declining per capita consumption in future years. However, recent price increases stemming from tobacco litigation

—in conjunction with the State's excise tax hike—are expected to reduce per capita consumption by approximately 19 percent beginning January 1, 1999. In combination with the long-term downward trend in consumption, this should reduce cigarette sales on a fiscal year basis in both 1998-99 and 1999-00 by approximately 13 percent.

Wholesale price data provide the basis for the revenue estimate for other tobacco products, which include items such as cigars, chewing tobacco, and snuff. Consumption of cigars and some other tobacco products, which grew steadily from 1993-94 through 1996-97, declined approximately 5 percent in 1997-98. Based on recent consumption patterns and the additional excise tax on other tobacco products, the use of other tobacco products is expected to decrease approximately 29 percent in 1999-00.

Per capita consumption of cigarette packs from 1985-86 through 1999-00 is illustrated in Figure REV-14. Total tobacco tax revenue estimates are shown in Figure REV-15.

## HORSE RACING REVENUE

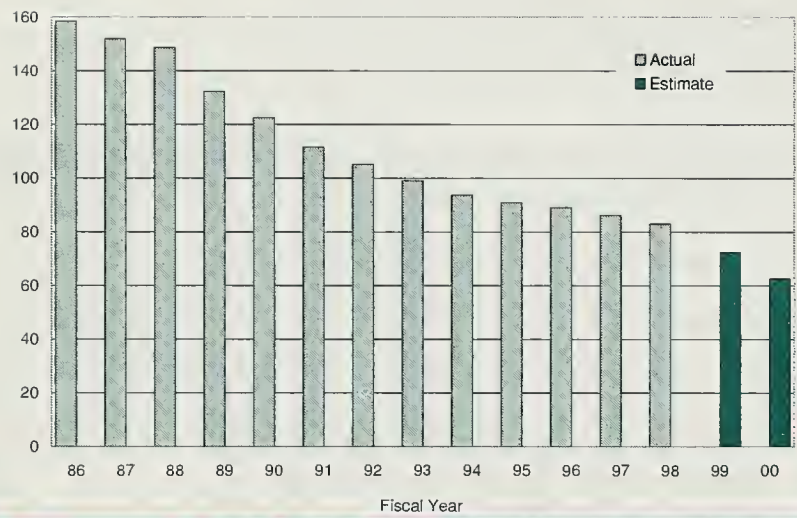
Horse racing revenue is collected primarily from license fees imposed on amounts wagered by the public. The license fee revenue schedule is based upon many factors, including the amount wagered, the location of the track where the wager is placed, the type of horse racing, the type of wager, and whether or not the wager is made on-track or at a satellite facility. Other revenue sources include breakage (the odd cents not paid to winning ticket holders), unclaimed pari-mutuel tickets, occupational license fees, fines, and penalties. Horse racing revenues support the General Fund and several special funds, with the distribution of moneys to each fund specified in statute.

During recent years, satellite wagering has resulted in a shift from on-track to off-track wagering. At present, the public may view horse



FIGURE REV-14

Cigarette Consumption  
(Packages per Capita)



rates by attending live meets or watching and wagering at off-track facilities that receive races televised live via satellite. California also exports its signal to several out-of-state simulcast facilities, where patrons can place bets on California horse races. All three types of bets (on-track, intrastate off-track, and interstate off-track) generate license fees for the State.

State horse racing revenues have declined significantly during the past ten years and are expected to continue their decline through

1999-00. Between 1987-88 and 1997-98, General Fund revenues decreased by nearly 60 percent, from \$110 million to \$46 million. General Fund revenues have been reduced by \$20.5 million in 1998-99 and by \$41 million in 1999-00 due to enactment of Chapter 335, Statutes of 1998, which substantially decreased state license fees, thereby eliminating all General Fund horse racing revenues by 1999-00. Revenues for special funds, such as the Fair and Exposition Fund and the Satellite Wagering Account, will not be significantly affected by Chapter 335 and are expected to remain stable through 1999-00.

Total horse racing revenues are shown in Figure Rev-16.

SPECIAL FUND REVENUE

The California Constitution, codes, and statutes specify the uses of certain revenue. Such receipts are accounted for in various special funds. In general, special fund revenues comprise three categories of income:

- ★ Receipts from tax levies that are allocated to specified functions such as motor vehicle taxes and fees.
- ★ Charges for special services provided for specific functions, including such items as business and professional license fees.

FIGURE REV-15

Tobacco Tax Revenue  
(Dollars in Millions)

|   | 1997-98<br>Preliminary | 1998-99<br>Forecast | 1999-00<br>Forecast |
|---|------------------------|---------------------|---------------------|
| General Fund                                      | \$161.5                | \$148.0             | \$130.0             |
| Cigarette and Tobacco Products Surtax Fund        | 450.0                  | 399.0               | 381.0               |
| Breast Cancer Fund                                | 32.8                   | 29.5                | 26.0                |
| California Children and Families First Trust Fund | 0.0                    | 373.0               | 684.0               |
| Total   | \$644.3                | \$949.5             | \$1,221.0           |

FIGURE REV-16

Horse Racing Revenue  
(Dollars in Thousands)

|                            | 1997-98<br>Preliminary | 1998-99<br>Forecast | 1999-00<br>Forecast |
|----------------------------|------------------------|---------------------|---------------------|
| General Fund               | \$45,688               | \$23,434            | \$0                 |
| Fair & Exposition Fund     | 24,781                 | 24,940              | 25,244              |
| Satellite Wagering Account | 12,411                 | 12,031              | 12,508              |
| Wildlife Restoration Fund  | 750                    | 750                 | 750                 |
| Total                      | \$83,630               | \$61,155            | \$38,502            |

- ★ Rental royalties and other receipts designated for particular purposes—for example, oil and gas royalties.

Taxes and fees related to motor vehicles account for approximately 60 percent of all special fund revenue. Principal sources are motor vehicle fuel taxes, registration and weight fees, and vehicle license fees. During 1999-00, \$8.1 billion in revenues will be derived from the ownership or operation of motor vehicles. Approximately 53 percent of this revenue will be returned to local governments. The remaining portion will be available for various state programs related to transportation and services to vehicle owners.

Chapter 85, Statutes of 1991, created the Local Revenue Fund for the purpose of local program realignment. Revenue attributable to a 0.5 percent sales tax rate is transferred to this special fund. During 1997-98, local governments received \$1.8 billion from this revenue source. In addition to this revenue, approximately 24 percent of all vehicle license fees are transferred to the Local Revenue Fund.

Total vehicle license fee revenues were reduced by \$561 million in 1998-99 and \$1.088 billion in 1999-00 by the enactment of Chapter 322, Statutes of 1998, which established a vehicle license fee offset program. This legislation is covered in more detail in the discussion on motor vehicle fees.

Funds from the Proposition 99 tobacco-related taxes are allocated to a special fund for distribution to a variety of accounts as determined by the measure. Receipts for this fund are estimated at \$399 million in 1998-99 and \$381 million in 1999-00. An additional \$29.5 million for breast cancer research will be generated in 1998-99 by the 2-cents-per-pack cigarette tax enacted in 1993, while \$26 million will be generated in 1999-00 for this purpose. The original 10-cents-per-pack tax on cigarettes is allocated to the General Fund. In addition, as noted earlier, Proposition 10 of the November 1998 election

provided for an additional 50-cents-per-pack tax on cigarettes, with the proceeds going to a new fund—the California Children and Families First Trust Fund. This fund will support early childhood development programs and offset revenue losses to the health education, research, and Breast Cancer Fund programs (due to reduced cigarette sales caused by increased prices).

### MOTOR VEHICLE FEES: \$5.106 BILLION

Motor vehicle fees consist of vehicle license, registration, weight, driver's license fees, and various other charges related to vehicle operation.

The vehicle license fee (VLF) is imposed for the privilege of operating a vehicle on the public highways in California. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. All of the revenues from this tax, other than administrative costs and fees on trailer coaches and mobilehomes, are constitutionally dedicated to local governments.

The VLF is calculated on the vehicle's "market value," which is the cost to the purchaser exclusive of sales tax, adjusted by a depreciation schedule. For motor vehicles, the schedule is based on an 11-year depreciation period; an 18-year depreciation period is used for trailer coaches. A two percent rate is applied to the depreciated value to determine the fee. Thus, revenue from this source is contingent on the number of vehicles in California, the ages of those vehicles, and their most recent sales prices.

Chapter 322, Statutes of 1998, established a program to offset a portion of the vehicle license fees paid by vehicle owners. This program is referred to as an "offset" rather than a tax credit, because the total amount of VLF due was not changed. The State will be paying or "offsetting" a portion of the amount due and taxpayers will be paying the remaining balance. Beginning January 1, 1999, a permanent offset of 25 percent



of the amount of VLF owed will become operative. This offset can increase to four higher levels at various future dates, if General Fund revenue projections exceed the Department of Finance's May 1998 revenue forecast by specified amounts. The amount by which vehicle license fees are reduced will be made up by the General Fund to prevent any loss of revenues to local governments. This backfill is expected to total \$561 million in 1998-99 and \$1.088 billion in 1999-00.

The Department of Motor Vehicles administers the VLF for trailer coaches that are not installed on permanent foundations. Those which are installed on permanent foundations (mobile-homes) are subject to either local property taxes or the VLF. Generally, if the mobilehome was purchased new prior to July 1, 1980, it is subject to the VLF which, in this instance, is administered by the Department of Housing and Community Development rather than the Department of Motor Vehicles. All other mobilehomes are subject to the local property tax. Chapter 699, Statutes of 1992, provided that all trailer coach license fees that are administered by the Department of Motor Vehicles be deposited in the General Fund. Beginning in 1994-95, all other trailer coach license fees are also deposited into the General Fund.

Allowing for scrappage and for vehicles entering and leaving California, the number of total fee-paid registrations (autos, trucks, trailers, and motorcycles) including a proportional factor for multi-state vehicles, is estimated at 24,763,000 for 1998-99 and 24,963,000 for 1999-00. As can be seen in Figure REV-17, the forecast assumes that new vehicle registrations will experience moderate growth in 1998-99 and flatten out (growth rate of zero percent) in 1999-00.

Effective August 1, 1991, Chapter 87, Statutes of 1991, revised the vehicle license fee depreciation schedule, imposed a 2.2 percent surcharge on those license fees for a period of one year, and required the Department of Motor Vehicles to

reclassify used vehicles based upon their actual purchase price each time the ownership of the vehicle is transferred. All of the revenue from this base change is transferred to local governments for the purpose of funding program realignment.

Vehicle registration fees are levied at a flat rate of \$30 (\$28 base registration fee and \$2 California Highway Patrol fee) on all motor vehicles including automobiles, trucks, trailers and motorcycles. Trucks and trailers are also subject to fees based on their unladen vehicle weight. Proposition 111, approved by the voters in November 1990, increased the weight fees for vehicles with an unladen weight of more than 4,000 pounds by 40 percent effective August 1, 1990, with an additional 10 percent increase effective January 1, 1995.

Motor vehicle fees revenue is summarized in Figure REV-18.

### **MOTOR VEHICLE FUEL TAXES: \$3.013 BILLION**

The motor vehicle fuel license tax (levied on gasoline), diesel fuel tax (levied on diesel), and the use fuel tax (levied on alternative fuels such as liquefied petroleum gas, natural gas, and alcohol fuel) provide the major sources of funds for maintaining, replacing, and constructing state highway and transportation facilities. Just over one-third of these revenues are apportioned to local jurisdictions for street and highway use.

The motor vehicle fuel license tax (gas tax) is imposed on distributors at a rate of 18 cents per gallon. Fuels subject to the gas tax include gasoline, natural gasoline, and specified blends of gasoline and alcohol sold for vehicular use on California public streets and highways.

The Motor Vehicle Fuel License Tax Law also applies an excise tax of 2 cents per gallon on aircraft jet fuel sold at the retail level. Certain sales are exempt from the aircraft jet fuel tax,

including those to certified air common carriers, aircraft manufacturers and repairers, and the U.S. armed forces.

Chapter 912, Statutes of 1994, established the Diesel Fuel Tax Law. Prior to the operative date of Chapter 912, diesel fuel had been taxed under the Use Fuel Tax Law. The diesel fuel tax is imposed on distributors at the terminal rack level (i.e., the first point of distribution) and applies to diesel fuel and blended diesel fuel sold for use in propelling highway vehicles. Undyed diesel fuel for highway use is taxed at a rate of 18 cents per gallon. Dyed diesel fuel, which is destined for tax-exempt uses, is not taxed.

The use fuel tax is levied on sales of kerosene, liquefied petroleum gas (LPG), liquid natural gas (LNG), compressed natural gas (CNG), and alcohol fuel (ethanol and methanol containing 15 percent or less gasoline and diesel fuel). These fuels remain untaxed until they are dispensed into a motor vehicle that is operated on California highways or is suitable for highway operation. Current fuel tax rates are 18 cents per gallon for kerosene, 6 cents per gallon for LNG and LPG, 7 cents per 100 cubic feet for CNG, and 9 cents per gallon for alcohol fuel. Users of LPG, LNG, or CNG may elect to pay a flat rate of tax based on vehicle weight in lieu of the 6 cents per gallon tax.

The Mills-Hayes Act specifies that a fuel tax rate of 1 cent per gallon be levied on fuel used by local transit systems, school and community college districts, and certain common carriers. This excise tax is imposed in lieu of the other fuel taxes described above.

Gasoline consumption has grown slowly over time, as conservation efforts have offset economic-based growth. Gasoline consumption rose 1.4 percent during 1997-98 and is estimated to increase by 2.3 percent in 1998-99 and 2 percent in 1999-00.

FIGURE REV-17

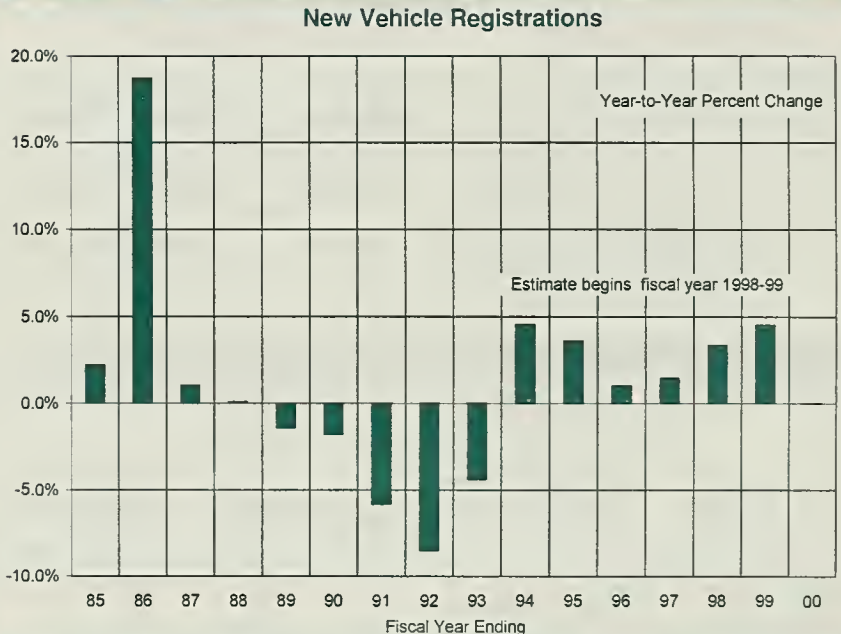


FIGURE REV-18

**Motor Vehicle Fees Revenue**  
(Dollars in Thousands)

|   | 1997-98<br>Preliminary | 1998-99<br>Forecast | 1999-00<br>Forecast |
|---|------------------------|---------------------|---------------------|
| Vehicle License Fees <sup>1/</sup>      | \$2,932,236            | \$2,704,665         | \$2,478,468         |
| Realignment <sup>1/</sup>               | 943,293                | 874,820             | 804,200             |
| Registration, Weight,<br>and Other Fees | 1,741,273              | 1,793,740           | 1,823,640           |
| <b>Total</b>                            | <b>\$5,616,802</b>     | <b>\$5,373,225</b>  | <b>\$5,106,308</b>  |

<sup>1/</sup> Reflects 25 percent revenue reduction due to the vehicle license fee offset program.



FIGURE REV-19

**Motor Vehicle Fuel Tax Revenue**  
(Dollars in Thousands)

|                        | 1997-98<br>Preliminary | 1998-99<br>Forecast | 1999-00<br>Forecast |
|------------------------|------------------------|---------------------|---------------------|
| Gasoline <sup>1/</sup> | \$2,467,440            | \$2,549,650         | \$2,600,368         |
| Diesel                 | 384,650                | 399,852             | 412,908             |
| <b>Total</b>           | <b>\$2,852,090</b>     | <b>\$2,949,502</b>  | <b>\$3,013,276</b>  |

<sup>1/</sup> Does not include jet fuel.

Because the majority of diesel fuel is consumed by the commercial trucking industry, consumption is impacted most significantly by the general health of the economy. Diesel fuel consumption increased by 3.4 percent in 1997-98 and is expected to rise by 1.8 percent and 3.3 percent in 1998-99 and 1999-00, respectively.

Proposition 111, enacted in June 1990 to generate new transportation funding, increased gasoline and diesel fuel tax rates by 5 cents per gallon each, effective August 1, 1990. Proposition 111 also increased gas and diesel fuel tax rates by an additional 1 cent per gallon each January 1 thereafter until an 18-cent-per-gallon rate became effective January 1, 1994. The rates have remained constant since that time. Revenues raised by Proposition 111 equaled \$1.4 billion during 1997-98 and are expected to be \$1.43 billion during 1998-99 and \$1.46 billion during 1999-00.

Motor vehicle fuel revenues are shown in Figure REV-19.

FIGURE REV-20

**Summary of State Tax Collections**  
(Excludes Departmental, Interest, and Miscellaneous Revenue)

|                       | Per Capita<br>Personal<br>Income <sup>1/2/</sup> | State Tax Collections<br>(Dollars in Millions) |         | Taxes per Capita <sup>1/</sup> |          | Taxes per \$100 of<br>Personal Income <sup>3/</sup> |        |
|-----------------------|--|--|---------|--------------------------------|----------|---|--------|
|                       |  | General  |         | General                        |          | General   |        |
|                       |  | Fund   | Total   | Fund                           | Total    | Fund  | Total  |
| 1967-68               | \$3,849  | \$3,558  | \$4,676 | \$185.55                       | \$243.86 | \$4.82  | \$6.34 |
| 1968-69               | 4,165  | 3,963  | 5,173   | 203.94                         | 266.21   | 4.90  | 6.39   |
| 1969-70               | 4,517  | 4,126  | 5,409   | 208.96                         | 273.94   | 4.63  | 6.06   |
| 1970-71               | 4,778  | 4,290  | 5,598   | 214.08                         | 279.36   | 4.48  | 5.85   |
| 1971-72               | 4,997  | 5,213  | 6,597   | 256.22                         | 324.24   | 5.13  | 6.49   |
| 1972-73               | 5,402  | 5,758  | 7,231   | 279.72                         | 351.28   | 5.18  | 6.50   |
| 1973-74               | 5,885  | 6,377  | 7,877   | 305.57                         | 377.45   | 5.19  | 6.41   |
| 1974-75               | 6,480  | 8,043  | 9,572   | 379.85                         | 452.06   | 5.86  | 6.98   |
| 1975-76               | 6,998  | 9,050  | 10,680  | 420.19                         | 495.87   | 6.00  | 7.09   |
| 1976-77               | 7,712  | 10,781   | 12,525  | 491.48                         | 570.98   | 6.37  | 7.40   |
| 1977-78               | 8,431  | 12,951   | 14,825  | 579.41                         | 663.25   | 6.87  | 7.87   |
| 1978-79               | 9,460  | 14,188   | 16,201  | 621.30                         | 709.45   | 6.57  | 7.50   |
| 1979-80               | 10,648   | 16,904   | 19,057  | 726.83                         | 819.41   | 6.83  | 7.70   |
| 1980-81               | 11,840   | 17,808   | 20,000  | 748.80                         | 840.97   | 6.32  | 7.10   |
| 1981-82               | 12,990   | 19,053   | 21,501  | 784.78                         | 885.62   | 6.04  | 6.82   |
| 1982-83               | 13,564   | 19,567   | 22,359  | 788.83                         | 901.39   | 5.82  | 6.65   |
| 1983-84               | 14,301   | 22,300   | 25,674  | 880.14                         | 1,013.30 | 6.15  | 7.09   |
| 1984-85               | 15,628   | 25,515   | 29,039  | 988.34                         | 1,124.85 | 6.32  | 7.20   |
| 1985-86               | 16,588   | 26,974   | 30,898  | 1,021.63                       | 1,170.25 | 6.16  | 7.05   |
| 1986-87               | 17,371   | 31,331   | 35,368  | 1,158.18                       | 1,307.41 | 6.67  | 7.53   |
| 1987-88               | 18,262   | 31,228   | 35,611  | 1,126.67                       | 1,284.81 | 6.17  | 7.04   |
| 1988-89               | 19,336   | 35,647   | 40,613  | 1,255.49                       | 1,430.39 | 6.49  | 7.40   |
| 1989-90               | 20,279   | 37,248   | 43,052  | 1,278.16                       | 1,477.32 | 6.30  | 7.29   |
| 1990-91               | 21,350   | 36,828   | 43,556  | 1,229.90                       | 1,454.58 | 5.76  | 6.81   |
| 1991-92               | 21,370   | 40,072   | 48,856  | 1,311.04                       | 1,598.43 | 6.13  | 7.48   |
| 1992-93               | 21,953   | 39,197   | 48,230  | 1,256.80                       | 1,546.43 | 5.72  | 7.04   |
| 1993-94               | 22,145   | 38,351   | 48,941  | 1,216.84                       | 1,552.84 | 5.49  | 7.01   |
| 1994-95               | 22,589   | 41,099   | 50,648  | 1,292.83                       | 1,593.22 | 5.72  | 7.05   |
| 1995-96               | 23,525   | 44,825   | 54,805  | 1,398.03                       | 1,709.28 | 5.94  | 7.27   |
| 1996-97               | 24,643   | 47,955   | 58,400  | 1,480.87                       | 1,803.40 | 6.01  | 7.32   |
| 1997-98 <sup>p/</sup> | 25,670   | 53,859   | 64,789  | 1,634.22                       | 1,965.86 | 6.37  | 7.66   |
| 1998-99 <sup>e/</sup> | 26,858   | 55,617   | 66,804  | 1,660.51                       | 1,994.51 | 6.18  | 7.43   |
| 1999-00 <sup>e/</sup> | 27,723   | 58,683   | 70,057  | 1,722.32                       | 2,056.15 | 6.21  | 7.42   |

<sup>1/</sup> Per capita computations are based on July 1 populations estimates, benchmarked to the 1990 Census.

<sup>2/</sup> Personal income data are on a calendar year basis (e.g., 1987 for 1987-88).

<sup>3/</sup> Taxes per \$100 personal income computed using calendar year personal income e.g. 1996 income related to 1996-97 tax collections.

<sup>p/</sup> Preliminary

<sup>e/</sup> Estimated.

FIGURE REV-21

Outline of State Tax System as of  
January 1, 1999

| Major Taxes and Fees                    | Base or Measure                               | Rate                | Administering Agency       | Fund   |
|---|---|---------------------|----------------------------|--|
| <b>Alcoholic Beverage Excise Taxes:</b> |   |                     |                            |  |
| Beer                                    | Gallon  | \$0.20              | Equalization <sup>1</sup>  | General  |
| Distilled Spirits                       | Gallon  | \$3.30              | Equalization               | General  |
| Dry Wine                                | Gallon  | \$0.20              | Equalization               | General  |
| Sweet Wine                              | Gallon  | \$0.20              | Equalization               | General  |
| Sparkling Wine                          | Gallon  | \$0.30              | Equalization               | General  |
| Hard Cider                              | Gallon  | \$0.20              | Equalization               | General  |
| <b>Bank and Corporation:</b>            |   |                     |                            |  |
| General Corporation                     | Net income                                    | 8.84% <sup>2</sup>  | Franchise <sup>3</sup>     | General  |
| Bank and Financial Corp.                | Net income                                    | 10.84%              | Franchise                  | General  |
| Alternative Minimum Tax                 | Alternative Taxable Income                    | 6.65% <sup>2</sup>  | Franchise                  | General  |
| <b>Tobacco:</b>                         |   |                     |                            |  |
| Cigarette                               | Package                                       | \$0.87 <sup>4</sup> | Equalization               | Cigarette Tax, Cigarette and Tobacco Products Surtax, Breast Cancer Act, and Calif. Children and Families First Initiative |
| Other Tobacco Products                  | Wholesale price                               | 61.53% <sup>5</sup> | Equalization               | Cigarette and Tobacco Products Surtax  |
| <b>Energy Resources Surcharge</b>       | Kilowatt hours                                | \$0.0002            | Equalization               | Energy Resources Surcharge Fund  |
| <b>Horse Racing License</b>             | Amount wagered                                | .4% - 2.0%          | Horse Racing Board         | Fair & Expo <sup>6</sup> , Satellite Wagering <sup>7</sup> , Wildlife Restoration, and General                             |
| <b>Estate</b>                           | Taxable Federal estate                        | 0.8-16.0%           | Controller <sup>8</sup>    | General  |
| <b>Insurance</b>                        | Gross Premiums                                | 2.35% <sup>9</sup>  | Insurance Dept.            | General  |
| <b>Liquor license fees</b>              | Type of license                               | Various             | Alcoholic Beverage Control | General  |
| <b>Motor Vehicle:</b>                   |   |                     |                            |  |
| Vehicle License Fees                    | Market value                                  | 2.0% <sup>10</sup>  | Motor Vehicle Dept         | Motor Vehicle License Fee and Local Revenue <sup>11</sup>  |
| Fuel—Gasoline                           | Gallon  | \$0.18              | Equalization               | Motor Vehicle Fuel <sup>12</sup>   |
| Fuel—Diesel                             | Gallon  | \$0.18              | Equalization               | Motor Vehicle Fuel   |
| Registration Fees                       | Vehicle                                       | \$30.00             | Motor Vehicle Dept         | Motor Vehicle <sup>13</sup>  |
| Weight Fees                             | Unladen weight                                | Various             | Motor Vehicle Dept         | State Highway <sup>14</sup>  |
| <b>Personal Income</b>                  | Taxable income                                | 1.0-9.3%            | Franchise                  | General  |
| Alternative Minimum Tax                 | Alternative Taxable Income                    | 7.0%                | Franchise                  | General  |
| Private Railroad Car                    | Valuation                                     | <sup>15</sup>       | Equalization               | General  |
| Retail Sales and Use                    | Receipts from sales or lease of taxable items | 5.50% <sup>16</sup> | Equalization               | General and Local Revenue  |

Source: State of California, Department of Finance

<sup>1</sup> State Board of Equalization.<sup>2</sup> Minimum tax \$800 per year or \$300 for the first year and \$500 for the second year of a new business with less than \$1 million in gross receipts.<sup>3</sup> Franchise Tax Board.<sup>4</sup> This tax is levied at the combined rate of 10 cents per pack of 20 cigarettes for the General Fund, 25 cents per pack for the Cigarette and Tobacco Products Surtax, 2 cents per pack for the Breast Cancer Act, and 50 cents per pack for the California Children and Families First Trust Fund.<sup>5</sup> A tax equivalent to the tax on cigarettes; rate reflects the 50 cents per pack established by the California Children and Families First Initiative.<sup>6</sup> For support of county fairs and other activities.<sup>7</sup> For construction of Satellite Wagering Facilities and health and safety repairs at fair sites.<sup>8</sup> State Controller's Office<sup>9</sup> Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans, surplus lines, and nonadmitted insurance.<sup>10</sup> Beginning January 1, 1999, vehicle owners pay only 75 percent of the calculated tax and the remaining 25 percent is paid by the General Fund.<sup>11</sup> For return to cities and counties. Trailer coach license fees are deposited in the General Fund.<sup>12</sup> For administrative expenses and apportionment to State, counties and cities for highways, airports and small craft harbors.<sup>13</sup> For support of State Department of Motor Vehicles, California Highway Patrol, other agencies and motor vehicle related programs.<sup>14</sup> For state highways and State Department of Motor Vehicles administrative expense.<sup>15</sup> Average property tax rate in the state during preceding year.<sup>16</sup> Includes a 5 percent rate for the State General Fund and Public Transportation Account and a 0.50% rate to the Local Revenue Fund for realignment.



FIGURE REV-23

**Comparative Yield of State Taxes, 1970-71 through 1999-00**  
**Includes both General and Special Funds**  
(Dollars in Thousands)

| Year<br>Ending<br>June 30 | Sales<br>and Use | Personal<br>Income | Bank and<br>Corporation<br>(a) | Tobacco<br>(b) | Estate<br>Inheritance<br>and Gift (c) | Insurance<br>(d) | Alcoholic<br>Beverage<br>(e) | Horse<br>Racing<br>(f) | Motor<br>Vehicle<br>Fuel (g) | Vehicle<br>Fees (h) |
|---------------------------|------------------|--------------------|--------------------------------|----------------|---------------------------------------|------------------|------------------------------|------------------------|------------------------------|---------------------|
| 1971                      | \$1,808,052      | \$1,264,383        | \$532,091                      | \$239,721      | \$185,699                             | \$158,423        | \$106,556                    | \$64,601               | \$674,635                    | \$513,202           |
| 1972                      | 2,015,993        | 1,785,618          | 662,522                        | 247,424        | 220,192                               | 170,179          | 112,091                      | 69,380                 | 712,426                      | 547,845             |
| 1973                      | 2,198,523        | 1,884,058          | 866,117                        | 253,602        | 260,119                               | 179,674          | 114,884                      | 72,693                 | 746,196                      | 596,922             |
| 1974                      | 2,675,738        | 1,829,385          | 1,057,191                      | 258,921        | 231,934                               | 201,697          | 119,312                      | 78,289                 | 742,702                      | 644,448             |
| 1975                      | 3,376,078        | 2,579,676          | 1,253,673                      | 261,975        | 242,627                               | 202,991          | 120,749                      | 86,637                 | 752,234                      | 664,453             |
| 1976                      | 3,742,524        | 3,086,611          | 1,286,515                      | 268,610        | 316,648                               | 241,224          | 125,313                      | 96,117                 | 766,555                      | 749,936             |
| 1977                      | 4,314,201        | 3,761,356          | 1,641,500                      | 269,384        | 367,964                               | 322,476          | 127,485                      | 102,702                | 810,321                      | 807,782             |
| 1978                      | 5,030,438        | 4,667,887          | 2,082,208                      | 273,658        | 365,092                               | 387,560          | 132,060                      | 111,591                | 850,181                      | 924,410             |
| 1979                      | 5,780,919        | 4,761,571          | 2,381,223                      | 268,816        | 416,955                               | 420,184          | 140,059                      | 112,856                | 896,591                      | 1,021,856           |
| 1980                      | 6,623,521        | 6,506,015          | 2,510,039                      | 290,043        | 465,611                               | 446,228          | 138,940                      | 127,002                | 852,752                      | 1,096,640           |
| 1981                      | 7,131,429        | 6,628,694          | 2,730,624                      | 278,161        | 530,185                               | 460,926          | 142,860                      | 129,779                | 839,994                      | 1,127,293           |
| 1982                      | 7,689,023        | 7,483,007          | 2,648,735                      | 276,824        | 482,300                               | 454,984          | 139,523                      | 119,626                | 833,446                      | 1,373,354           |
| 1983                      | 7,795,488        | 7,701,099          | 2,536,011                      | 271,621        | 517,875                               | 736,929          | 136,209                      | 120,159                | 928,633                      | 1,614,993           |
| 1984                      | 8,797,865        | 9,290,279          | 3,231,281                      | 263,231        | 236,452                               | 457,490          | 137,433                      | 141,001                | 1,213,167                    | 1,906,290           |
| 1985                      | 9,797,564        | 10,807,706         | 3,664,593                      | 262,868        | 296,805                               | 643,139          | 135,786                      | 133,814                | 1,159,637                    | 2,137,326           |
| 1986                      | 10,317,930       | 11,413,040         | 3,843,024                      | 258,141        | 252,810                               | 839,939          | 132,262                      | 131,592                | 1,194,172                    | 2,515,295           |
| 1987                      | 10,904,022       | 13,924,527         | 4,800,843                      | 255,076        | 273,089                               | 1,008,804        | 131,288                      | 131,733                | 1,245,881                    | 2,692,835           |
| 1988                      | 11,650,531       | 12,950,346         | 4,776,388                      | 250,572        | 304,148                               | 1,158,321        | 128,734                      | 132,208                | 1,293,254                    | 2,966,334           |
| 1989                      | 12,650,893       | 15,889,179         | 5,138,009                      | 559,617        | 335,091                               | 1,317,630        | 128,264                      | 143,379                | 1,320,512                    | 3,142,484           |
| 1990                      | 13,917,771       | 16,906,568         | 4,965,389                      | 787,076        | 388,527                               | 1,167,684        | 128,524                      | 147,920                | 1,349,146                    | 3,305,711           |
| 1991                      | 13,839,573       | 16,852,079         | 4,544,783                      | 745,074        | 498,774                               | 1,287,152        | 129,640                      | 148,279                | 1,999,771                    | 3,513,159           |
| 1992                      | 17,458,521       | 17,242,816         | 4,538,451                      | 726,064        | 446,696                               | 1,167,307        | 321,352                      | 130,042                | 2,457,229                    | 4,369,862           |
| 1993                      | 16,598,863       | 17,358,751         | 4,659,950                      | 677,846        | 458,433                               | 1,188,181        | 292,107                      | 114,037                | 2,412,574                    | 4,470,321           |
| 1994                      | 16,857,369       | 17,402,976         | 4,809,273                      | 664,322        | 552,139                               | 1,196,921        | 275,797                      | 118,215                | 2,547,633                    | 4,518,795           |
| 1995                      | 16,277,447       | 18,608,181         | 5,685,618                      | 674,727        | 595,238                               | 998,868          | 268,957                      | 108,974                | 2,685,731                    | 4,749,594           |
| 1996                      | 17,503,864       | 20,877,687         | 5,862,420                      | 666,779        | 659,338                               | 1,131,737        | 269,227                      | 106,057                | 2,757,289                    | 5,009,319           |
| 1997                      | 18,427,459       | 23,275,990         | 5,788,414                      | 665,415        | 599,255                               | 1,199,554        | 271,065                      | 90,627                 | 2,824,589                    | 5,260,355           |
| 1998                      | 19,554,527       | 27,925,096         | 5,837,426                      | 644,803        | 780,197                               | 1,221,285        | 270,948                      | 83,630                 | 2,853,823                    | 5,616,802           |
| 1999 *                    | 20,673,207       | 28,526,000         | 5,926,000                      | 949,500        | 838,000                               | 1,238,000        | 267,600                      | 61,155                 | 2,951,252                    | 5,373,225           |
| 2000 *                    | 21,829,462       | 30,175,000         | 6,295,000                      | 1,221,000      | 878,000                               | 1,232,000        | 266,300                      | 38,502                 | 3,015,051                    | 5,106,308           |

(a) Includes the corporation income tax and, from 1989 through 1997, the unitary election fee.

(b) Proposition 99 (November 1988) increased the cigarette tax to \$0.35 per pack and added an equivalent tax to other tobacco products.

The Breast Cancer Act added \$0.02 per pack effective 1/1/94.

Proposition 10 (November 1998) increased the cigarette tax to \$0.87 per pack and added the equivalent of \$1.00 tax to other tobacco products.

(c) Proposition 6 (June 1982) repealed the inheritance and gift taxes and imposed an estate tax equal to the maximum allowable

Federal estate tax credit effective for decedents dying on or after June 8, 1982.

(d) The conclusion of litigation resulted in additional revenue of \$51 million in 1987-88, \$178 million in 1988-89, \$7 million in 1990-91, and \$5 million in 1991-92.

It also resulted in refunds of \$46 million in 1993-94, \$127 million in 1994-95, \$39 million in 1995-96, \$15 million in 1996-97, and will result in additional refunds in 1997-98.

(e) Alcoholic beverage excise taxes were significantly increased effective July 15, 1991.

(f) Beginning in 1988-89, includes revenues from satellite wagering that were not included in prior years.

(g) Motor vehicle fuel tax (gasoline), use fuel tax (diesel and other fuels), and jet fuel.

(h) Registration and weight fees, motor vehicle license fees, and other fees. Beginning in 1998-99, values reflect the 25 percent reduction in vehicle license fees due to the offset program.

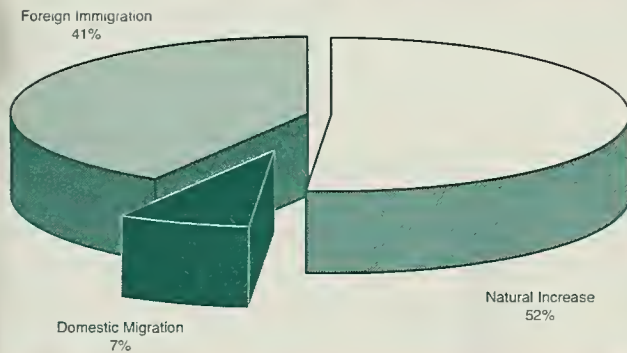
\* Estimated

In 1998, California continued to gain population from net domestic migration for a second year, after major losses in this component for much of the 1990s. Current population projections for the state forecast an increase of 1.7 percent in 1999-00—more than 578,000 persons—and annual average gains of over 550,000 persons through the year 2005.

The population change projected for 1999-00 results from natural increase—births minus deaths—of over 298,000 and net migration of 282,000, which includes 42,000 domestic migrants from within the United States and 241,000 foreign immigrants. Together, these result in a projected population of 34.7 million California residents in July 2000 (see Figure DEM-1).

FIGURE DEM-1

Components of Population Change  
1999-00

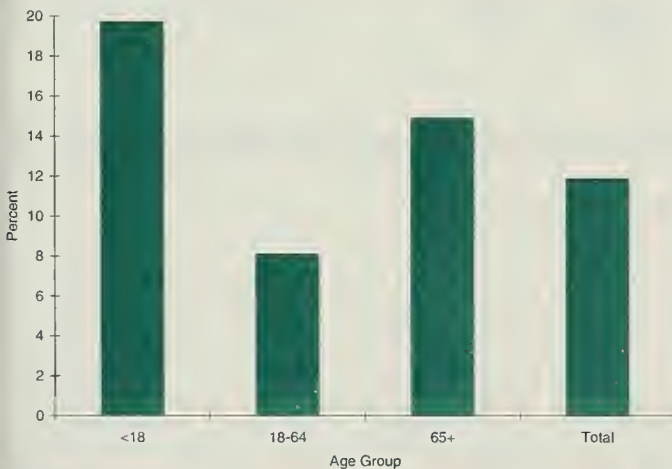


Natural increase is expected to rise after 1999 as the downward trend in births reverses and the absolute number of births begins to expand again. Domestic migration slows somewhat following a jump due to pent-up demand and foreign immigration remains fairly stable.

Population growth rates vary significantly by age group. Since 1990, the overall population has grown by 11.9 percent. However, the working age population grew at a rate of 8.1 percent, the under-18 group grew almost 20 percent, and the older populations grew nearly 15 percent (see Figure DEM-2).

FIGURE DEM-2

California Population Growth by Age: 1990-98



Since 1990, K-12 public school enrollment has been growing at a faster pace than total population because of the large number of births in the late 1980s. In the fall of 1997, this enrollment grew by 2.2 percent—or more than 121,000 students—to 5.6 million. However, by the year 2000, school enrollment growth will lag behind general population growth because the number of births has declined in the 1990s. Annual growth is expected to average 89,000 new students per year for the next two years and then slowly decline to a level of 47,000 in the fall of 2005.





Significantly improving the academic achievement of California's 5.5 million pupils is the Administration's highest priority. As indicated in Figure K12-1, almost \$43 billion will be devoted to California's 994 school districts and 58 county offices of education, resulting in estimated total per pupil expenditures from all sources of \$6,883 in fiscal year 1998-99 and \$7,253 in 1999-00. Figure K12-2 displays the various sources of revenue for schools.

All costs shown are those reported to the State by schools using the definitions specified in the California School Accounting Manual.

## GOVERNOR'S EDUCATION INITIATIVES

The 1999-00 Governor's Budget provides \$444 million for a package of initiatives entitled "Raising Expectations, Achievement, and Development (READ) in Schools". Details of the

FIGURE K12-2

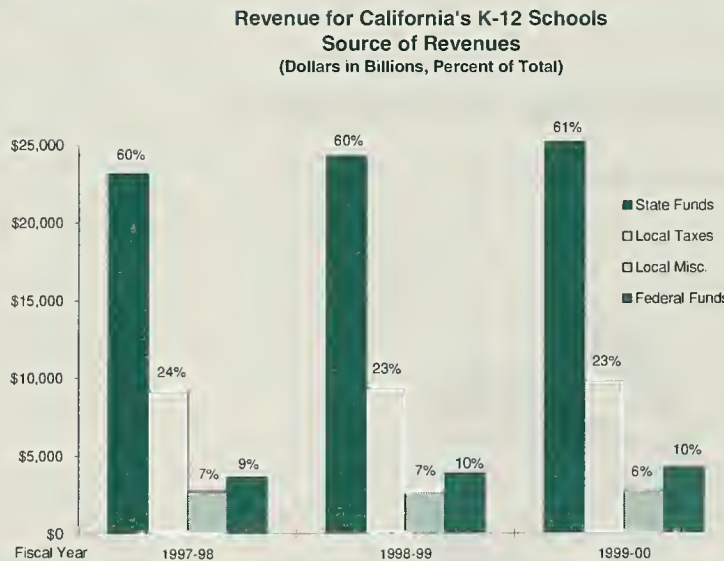


FIGURE K12-1

**Total Revenue for K-12 Education**  
(Dollars in Millions)

| Source of Funds                  | 1993-94         | 1994-95         | 1995-96         | 1996-97         | 1997-98 <sup>1/</sup> | 1998-99 <sup>1/</sup> | 1999-00 <sup>1/</sup> | Amount         | Percent     |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-----------------------|-----------------------|----------------|-------------|
| State General Fund <sup>2/</sup> | \$14,896        | \$15,658        | \$17,797        | \$19,743        | \$20,354              | \$23,399              | \$25,332              | \$1,933        | 8.3%        |
| Lottery Fund                     | 556             | 644             | 698             | 615             | 657                   | 757                   | 786                   | 29             | 3.8%        |
| Other State Funds                | 50              | 53              | 53              | 59              | 89                    | 74                    | 62                    | -12            | -15.9%      |
| Federal Funds                    | 2,498           | 2,708           | 2,825           | 2,991           | 3,456                 | 3,825                 | 4,164                 | 339            | 8.9%        |
| Local Property Taxes             | 8,246           | 8,573           | 8,653           | 8,585           | 9,139                 | 9,318                 | 9,801                 | 483            | 5.2%        |
| Local Debt Service               | 360             | 360             | 390             | 426             | 498                   | 498                   | 498                   | —              | —           |
| Local Miscellaneous              | 1,757           | 1,751           | 2,103           | 2,195           | 2,195                 | 2,195                 | 2,195                 | —              | —           |
| <b>Total Revenue</b>             | <b>\$28,363</b> | <b>\$29,747</b> | <b>\$32,519</b> | <b>\$34,614</b> | <b>\$36,388</b>       | <b>\$40,066</b>       | <b>\$42,838</b>       | <b>\$2,772</b> | <b>6.9%</b> |

<sup>1/</sup> Estimated.

<sup>2/</sup> State General Fund is adjusted to reflect local expenditures for the year in which the funds were received.

FIGURE K12-3

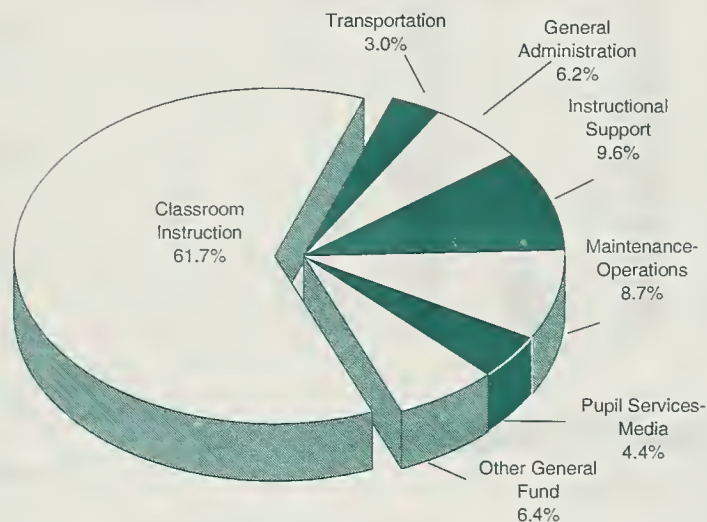
**Proposition 98 K-12 Funding per Pupil**  
(Dollars in Thousands)

|                        | 1997-98             | 1998-99             | 1999-00             |
|------------------------|---------------------|---------------------|---------------------|
| General Fund           | \$20,097,955        | \$22,056,603        | \$23,075,751        |
| Local Revenue          | 9,076,754           | 9,252,172           | 9,730,834           |
| <b>Total</b>           | <b>\$29,174,709</b> | <b>\$31,308,775</b> | <b>\$32,806,585</b> |
| Proposition 98 ADA     | 5,337,036           | 5,443,440           | 5,519,732           |
| <b>Dollars Per ADA</b> | <b>\$5,466</b>      | <b>\$5,752</b>      | <b>\$5,944</b>      |

ADA adjusted to exclude excused absences for all years

FIGURE K12-4

**Where Schools Spend Their Money**



Classroom Instruction includes: general education, special education, and special projects.

General Administration includes: superintendent and board, district administration, other administration, centralized EDP, and maintenance and operations for administration.

Instructional Support includes: instructional administration, school site administration, and special projects administration.

Maintenance and Operations includes: utilities, janitorial and groundskeeping staff, and routine repair and maintenance.

Pupil Services includes: counselors, school psychologists, nurses, child welfare, and attendance staff. Media includes libraries and media centers.

Other General Fund includes: spending for tuition, facilities, contracts with other agencies, and transfers to and from other district funds.

(Based on 1996-97 data reported by schools.)

READ initiative are fully explained earlier in this summary. The new funding will be focused on three major areas:

- ★ Improving Reading Skills
- ★ Enhancing Professional Quality
- ★ Increasing School Accountability

**Improving Reading Skills**

Mastery of reading forms the foundation of all subsequent learning. Results of statewide test scores indicate that California students are performing well below the national average on reading tests. To help turn around these test results, the 1999-00 Governor's Budget includes \$186 million for the following new reading initiatives. Many of these initiatives will be proposed through special session legislation.

- ★ **Intensive Reading Instruction Academies.** The Budget provides \$75 million to establish an Intensive Reading Instruction Academy Program for pupils in grades K-4 who are having difficulty developing reading skills.
- ★ **Classroom Library Purchases, K-4.** The Budget provides \$25 million for the purchase of literature books for classroom libraries of kindergartners and pupils in grades 1 through 4.
- ★ **Governor's Reading Call to Action and Recognition Campaign.** The Budget provides \$6 million to the Office of the Secretary for Education to conduct a public involvement campaign, and to initiate the Governor's Reading Awards Program.
- ★ **Secondary School Reading Instruction.** The Budget provides \$5 million in Goals 2000 funding for the State Department of Education to identify and disseminate, through a contract with a local education



agency, exemplary instructional models in the teaching of reading to secondary school students.

- ★ **English Language Learners (ELL).** In recognition of the large number of ELL students enrolled in K-12 schools statewide, the 1999-00 Governor's Budget includes \$60 million to meet the needs of students learning English and their teachers. Additionally, the Budget provides \$14 million to administer an English Language Development (ELD) test.
- ★ **Preschool Reading Development Guidelines.** \$1 million in federal funding from the Child Care and Development Block Grant is provided to distribute pre-kindergarten reading and development guidelines.

### Enhancing Professional Quality

Classroom teachers are the single most important component for ensuring student success. More than \$51 million is provided in this Budget for the following professional quality programs, many of which will be proposed during the special legislative session:

- ★ **Reading Professional Development Institutes.** The Budget provides \$12 million General Fund to the University of California (UC) to establish professional development institutes for 6,000 beginning teachers of reading. (This amount includes \$6 million in Proposition 98 General Fund for stipends for program participants.)
- ★ **Governor's Teacher Scholars.** The Budget includes \$500,000 for UC to develop the Governor's Teacher Scholars Program, a 15-month long rigorous, interdisciplinary master's level preparation program for prospective teachers.
- ★ **Governor's Principal Leadership Institute.** The Budget provides \$500,000 for UC to

develop the Governor's Principal Leadership Institute which will recruit and train highly skilled school site administrators to become principals.

- ★ **Teacher Peer Review and Assistance.** The Budget provides \$100 million for a program of peer review and assistance for veteran teachers. This initiative is funded by redirecting \$83.2 million from the Mentor Teacher Program and providing \$16.8 million in new resources.
- ★ **Teacher Evaluation Reform.** Current requirements for biennial teacher evaluations will be reformed through legislation to ensure that the evaluations are linked to local and state academic content standards.
- ★ **Community Colleges Teacher and Reading Development Partnerships.** The Administration proposes \$10 million for partnerships to be developed among community colleges, neighboring higher education institutions, and K-12 schools to assist in early reading development and teacher internships.
- ★ **Paraprofessional Teacher Training.** The Budget includes a \$10 million expansion of the California School Paraprofessional Teacher Training Program.
- ★ **Teacher Credential Fee Waiver.** The Budget includes \$1.5 million to fund the \$60 credential fee for all new teachers and, thereby, provide schools with an additional teacher recruitment incentive.
- ★ **Exemplary Teachers Merit Award.** Cash merit awards of \$10,000 per participant will continue to be available for teachers who demonstrate exemplary skills by successfully obtaining National Board of Professional Teacher Standards certification, funded with \$5 million provided in the 1998-99 Budget.

## Improving School Accountability

The ability to measure school performance and accountability is critical for determining the steps necessary to improve the overall performance of California's public educational system. The Budget includes more than \$200 million for the following programs related to school performance and accountability:

- ★ **High School Exit Examinations.** The Budget provides \$2 million in Goals 2000 funding for the State Department of Education to initiate development of high school exit exams which will be required as a condition of high school graduation beginning in 2003.
- ★ **School Accountability.** In order to promote proven methods of school reform in the State's below-average schools, the Budget provides \$32.3 million in federal funds and \$10 million in Proposition 98 (General Fund) to provide these schools incentives, assistance, and interventions, as necessary. This funding is part of a comprehensive school accountability proposal that will ultimately hold all schools accountable for meeting higher expectations. This proposal is to be introduced in the special legislative session on education.
- ★ **Governor's Performance Awards for Schools.** The Budget provides \$150 million for a program to reward high-achieving schools. The awards program will provide recognition and reward to those schools that improve student performance by meeting or exceeding goals established by the State Board of Education. By rewarding results, this program will provide an incentive to all schools to strive toward educational excellence.
- ★ **Community Colleges High School Report Cards.** The Administration proposes \$10.6 million to foster greater cooperation between community colleges and high schools in assessing the preparation of

incoming students to help improve our K-12 education system.

- ★ **Middle College High Schools.** The Administration proposes \$1.8 million for the Community Colleges to create 12 new Middle Colleges, which provide a supportive, academically challenging environment for high ability, at-risk youth that leads not only to improved graduation rates, but to success in college and beyond.

## Child Care for CalWORKs Families

Child care services are a critical part of the State's effort to help public assistance recipients achieve and maintain self-sufficiency. As part of that effort, the Budget increases the availability of child care for families who are participating in the California Work Opportunity and Responsibility to Kids (CalWORKs) program as follows:

- ★ **Increased Child Care Services.** The demand for child care slots will increase as more aid recipients enter training programs and become stabilized in the workforce. Accordingly, State Department of Education's programs reserved for CalWORKs-related care will be increased by a total of \$279.3 million in 1999-00 for 58,000 additional children, funded through increased transfers from the Temporary Assistance to Needy Families (TANF) Block Grant to the Child Care and Development Block Grant. Funding for Stage 2 and Stage 3 child care will total over \$553 million, sufficient to serve an estimated 122,000 children. Additionally, a reserve of \$183 million is separately budgeted and available to both the State Department of Education as well as the Department of Social Services to ensure sufficient availability as county programs mature. Additional discussion on CalWORKs child care is included in the Health and Human Services Section.

★ **Expanded Use of High Quality Center-Based Care.** To ensure a true choice in child care settings in neighborhoods where high concentrations of CalWORKs families reside, a pilot program for expansion of direct-contracted, center-based child care is authorized in the Budget. Up to \$100 million, on an annualized basis, may be made available from the increased CalWORKs child care funding to develop new licensed centers in neighborhoods currently under served by this market segment. A plan developed by the Department in conjunction with Local Child Care Planning Councils is called for to ensure placement of centers in the most needy areas.

★ **Increased Child Care Facilities.** To support the viability of the pilot program and to meet the overall demand for new child care facilities to support both recent Preschool and General Child Care expansions and facilities lost to the Class Size Reduction program, an estimated \$33.6 million in 1998-99 Proposition 98 child care savings is reappropriated for purchase and installation of new portable child care facilities through transfer to the Child Care Facilities Revolving Fund.

★ **Family Fee Schedule Reform.** In November 1996, a major state-sponsored study was conducted by Policy Analysis for California Education (PACE)—a collaborative team from the Schools of Education at the University of California at Berkeley and Stanford University. The final report provided a blueprint for improving the State's child care programs. Among the findings were recommendations to reform the assessment of family fees for subsidized care. Specifically, it was recommended that most families should contribute financially toward the cost of care and that the fee system should recognize the number of children in a family receiving subsidized services. The Administration supports the findings of the study because the recom-

mended fee schedule provides incentives consistent with the personal responsibility objectives adopted by the State in the reform of welfare programs. Therefore, the Administration will support appropriate revisions to the fee schedules that still recognize relative financial ability, and calls for the Superintendent of Public Instruction and the Department of Social Services to finalize the effort begun pursuant to provisions of the 1997 Budget Act.

*Other Augmentations to Child Care, After School, and Nutrition Programs*

- ★ \$2.9 million in federal funds to increase support of Local Child Care Planning Councils statewide, sufficient to ensure at least one full-time planner in every county. This will strengthen the ability of counties to determine priorities and placement of child care to serve needy families as called for in the CalWORKs child care enabling legislation (Chapter 220, Statutes of 1997).
- ★ \$1.5 million in federal funds for the first year of a five-year program to increase capacity in under-served areas. This program will provide outreach and assistance to potential qualified providers to apply successfully for center-based contracts in under-served communities.
- ★ \$749,000 from federal funds for increases in other essential quality assurance functions which are directly affected by the increase in CalWORKs child care including \$649,000 for Trustline, which provides fingerprint clearances for license-exempt providers and \$100,000 for the Health Hotline which provides toll-free advice to providers on communicable disease management and reporting, child abuse, nutrition, and other health and safety issues.



- ★ \$308,000 for state operations to support implementation and evaluation of the new California School Age Family Education (CalSAFE) Program, pursuant to Chapter 1078, Statutes of 1998, which calls for converting existing Pregnant Minor and School Age Parenting and Infant Development (SAPID) Programs to a new comprehensive program for pregnant and parenting students. Under the Department's current plan, the new program begins in 2000-01. Therefore, additional local assistance funding is deferred for a year.
- ★ \$500,000 for state operations is added to the ongoing baseline to continue 6.0 new positions established in the current year for the new After School Learning and Safe Neighborhoods Partnership Program and funded on a one-time basis pursuant to Chapter 318, Statutes of 1998.
- ★ \$714,000 from federal funds and 15.5 additional positions to increase staffing in the Nutrition Division to support workload including 5 additional positions to support financial compliance audits and investigations of agencies participating in child nutrition programs.

### OTHER SIGNIFICANT PROGRAMS

In addition to the Governor's initiatives described above, the Budget includes the following significant programs or expansions to existing programs:

- ★ **Instructional Materials.** The Budget reflects the second \$250 million installment of a four-year \$1 billion investment to purchase new textbooks aligned with the statewide standards. This is an investment that the Governor believes is critical to ensuring that California's students have the tools necessary for learning.

- ★ **Academic Volunteer and Mentor Service Program.** The Budget continues \$10 million to match 20,000 at-risk children and youth with caring adult role models for one-to-one academic mentoring to provide positive guidance, improved school behavior, and academic progress. This is a program which the Administration supports, in the belief that community service provides valuable benefits both to the mentor and the student.
- ★ **Beginning Teacher Support and Assessment System (BTSA).** The Budget includes \$72 million for the BTSA program. BTSA improves teacher effectiveness and retention by integrating a system of support and assessment over a two-year period for new teachers. The retention rate after three years of teaching is 92 percent for teachers who have received BTSA support services, compared to only 68 percent for teachers not participating in an induction program. The level of funding provided for 1999-00 will ensure that all of the estimated 24,000 first and second-year certificated teachers are served by BTSA programs.
- ★ **Advancement Via Individual Determination (AVID).** The Budget provides a \$5 million augmentation for AVID, bringing total state support to \$7 million (including \$6 million provided through federal Goals 2000 funds). AVID provides a rigorous college preparatory program for underachieving, disadvantaged secondary students and matches these students with college students who tutor and mentor participants. The augmentation more than doubles participation from 32,000 to 65,000 secondary students and increases AVID regional support to schools in the areas of mentoring, quality assurance, and teacher and tutor training. Independent evaluations have found AVID to significantly increase academic achievement and college entrance rates of participating students.

★ **Proposition 10.** This Initiative, adopted by the voters on the November 1998 ballot, established the California Children and Families First Commission (Commission). The Commission is responsible for implementation of a comprehensive, collaborative, and integrated system of information and services to promote, support, and improve early childhood development from the prenatal stage to five years of age. The Governor, through his appointees to the Commission, will emphasize the importance of health care and preschool reading programs to children in the developmental period. It is important for these funds to be targeted to new pre-school reading programs designed to provide young children with cultural enrichment and the essential tools for personal growth and educational success. The effective use of these monies by the state and county commissions for health, education, and social services will help to enhance optimal early childhood development and will complement the Governor's reading initiatives.

★ **Subsidized Child Care.** The Budget provides increases of \$42.3 million of Proposition 98 for the State's subsidized child care programs for working, low-income families. This includes \$25.7 million to annualize the partial-year expansions of Preschool (\$15.7 million) and General Child Care for Infants and Toddlers (\$10 million) begun in the current year and \$16.6 million for a 1.83 percent cost-of-living adjustment for all relevant child care programs.

★ **Special Education.** The Budget reflects implementation of the second year of the per pupil funding formula prescribed by Chapter 854, Statutes of 1997 (Assembly Bill 602). A total of \$64.6 million in additional Proposition 98 local assistance is provided for special education, including a \$50.7 million increase for a cost-of-living adjustment; a \$30.5 million increase for program growth; and a \$16.6 million

reduction to reflect an increase in property taxes.

In addition, \$48.9 million in new federal funds is available for expenditure on special education programs. Of this amount, \$34.5 million is dedicated to equalization of special education funding in districts below the statewide average per pupil funding level. The remaining \$14.4 million of the increased federal funding is available to provide an adjustment to districts with higher than average populations of students with low incidence disabilities.

In the current year, the Budget inadvertently provided less than the full statutory cost-of-living adjustment for special education. The proposed Budget includes \$52.2 million to fund that shortfall, as well as other calculated deficiencies in the special education program.

## K-12 SCHOOL FACILITIES

In November 1998, voters passed Proposition 1A which provides \$6.7 billion in General Obligation bond funds for K-12 school construction over the next four years. This includes \$2.9 billion for new construction, \$2.1 billion for modernization, \$1 billion for hardships, and \$700 million for new K-3 Class Size Reduction facilities. While the first \$3.35 billion is immediately available, the remaining \$3.35 billion will be available after July 1, 2000.

Concurrent with passage of the bond, the enactment of Senate Bill 50 (Chapter 407, Statutes of 1998) made significant reforms in the state school building program that will streamline the approval process for construction projects and initiate cost saving measures. These reforms include adoption of a fixed matching grant per new pupil for growth (based on 50 percent of the statewide average new construction cost), and a fixed grant per existing pupil for eligible modernization (based on 20 percent of the statewide average). The new program also contains school

district eligibility requirements that ensure districts maintain their facilities and that require districts to increase their local contribution for facilities maintenance. Additionally, the new program contains hardship provisions to provide funds for districts which have exceptional needs and are unable to fully meet matching requirements. Finally, the program contains accountability provisions to ensure state facilities funds are expended in an appropriate and timely manner.

The new building program also establishes a new process for determining the amount of fees that developers may be charged to mitigate the impact of development on school facilities. Under this reform, a school district can only charge fees above the statutory cap under specified conditions, and then, only up to the amount of funds that the district would be eligible to receive from the State under the new grant program.

**Impact of Class Size Reduction on School Facilities.** The Class Size Reduction Facilities Funding Program was established in 1996. It is designed to assist school districts with facilities-related costs associated with reducing the size of the average class from 30 to 20 pupils. In 1996, the program was funded with \$200 million in one-time Proposition 98 funds to provide \$25,000 grants for each new classroom needed to implement class size reduction in early primary grades. The amount per grant was later increased to \$40,000. The new school facilities bond provides \$700 million for up to 17,500 additional grants of \$40,000 per new classroom for the program.

## PROPOSITION 98 FUNDING GUARANTEE

The total 1999-00 Proposition 98 guarantee is projected to be \$37 billion, an increase of \$1.7 billion over the revised 1998-99 guarantee level. The General Fund makes up approximately 70 percent, or \$25.8 billion, of the total guarantee while the balance is funded from local property taxes (see Figure K12-5).

The total 1998-99 Proposition 98 guarantee is expected to increase by \$41.9 million from the 1998 Budget Act level. This is due to an estimated increase in property tax receipts of \$70.9 million offset by a decrease in the General Fund share of the guarantee of \$29 million due to revised estimates of average daily attendance (ADA) and civilian population. Because of the overappropriation of the guarantee, there is no remaining balance owed to satisfy the Proposition 98 funding requirement for 1998-99, and therefore, no "settle-up" funding for one-time purposes.

The total 1997-98 Proposition 98 guarantee decreased by \$6.1 million due to lower-than-expected reported ADA. School district and county office of education apportionment costs dropped by about \$127 million, but were offset in large part by the overappropriation of the

FIGURE K12-5

### Proposition 98 (Dollars in Thousands)

| Proposition 98 Appropriation             | 1997-98             | 1998-99             | 1999-00             |
|--|---------------------|---------------------|---------------------|
| State General Fund                       | \$22,346,917        | \$24,567,286        | \$25,754,494        |
| Local Revenue                            | 10,497,820          | 10,700,916          | 11,254,793          |
| <b>Total</b>                             | <b>\$32,844,737</b> | <b>\$35,268,202</b> | <b>\$37,009,287</b> |
| State General Fund Distribution          |                     |                     |                     |
| Department of Developmental Services     | \$13,735            | \$13,822            | \$12,918            |
| Department of Mental Health              | 18,400              | 18,400              | 18,400              |
| Department of Youth Authority            | 42,149              | 39,391              | 36,601              |
| Department of Education                  | 20,111,769          | 22,071,713          | 23,091,226          |
| California Community Colleges            | 1,960,864           | 2,173,810           | 2,283,449           |
| Employee Compensation                    | -                   | 150                 | 1,900               |
| Loan Repayment                           | 200,000             | 250,000             | 310,000             |
| <b>Total</b>                             | <b>\$22,346,917</b> | <b>\$24,567,286</b> | <b>\$25,754,494</b> |
| Proposition 98 Appropriations            |                     |                     |                     |
| Percentage Share of General Fund         |                     |                     |                     |
| SAL <sup>1/</sup> Revenues and Transfers | 41.2%               | 43.9%               | 43.7%               |

<sup>1/</sup> State Appropriations Limit, Article XIII B.



guarantee. The General Fund share of the guarantee decreased by \$272 million due to higher-than-expected property tax cash collections for the fiscal year and the lower ADA costs.

★ **Cost-of-Living Adjustment.** The Budget proposes to revise the statutory cost-of-living-adjustment (COLA) calculation for school district apportionments by calculating the COLA using the most recent available economic data. The K-12 apportionment COLA is the only inflation factor in the Budget which uses unrevised, year-old economic data in its calculation. This results in a COLA for school districts which is significantly different from, and not comparable to, all other COLAs provided in the Budget. The revised methodology yields a 1.83 percent COLA for school districts which provides over a \$570 million increase to school districts for both general purposes and categorical programs.

★ **Deficit Reduction.** Additional general purpose funding of \$200 million is provided to school districts and county offices of education for revenue limit deficit reduction that restores purchasing power lost during the recession. These funds can be used by school districts and county offices for any purpose, including deferred maintenance, which is not funded in the Budget, but does receive a small amount of support through excess bond repayments. The deficit factor, as adjusted by this funding increase, is proposed to be placed permanently in statute.

★ **Independent Study.** The Budget proposes a change to the independent study program that will require pupils to participate in independent study for ten or more consecutive days before school districts and county offices of education can claim funding. In addition, the Secretary for Education will conduct a long-term review of the independent study program to determine whether the

needs of at-risk pupils are being appropriately served through independent study and to address potential abuses of the program.

## OTHER ADJUSTMENTS

★ Statutory growth funding of \$288.4 million for school district and county office of education apportionments (\$250.4 million), summer school (\$7.5 million), and special education (\$30.5 million).

★ A \$509 million COLA for school district and county office of education apportionments (\$408.6 million), summer school (\$5.4 million), special education (\$50.7 million), child development (\$16.6 million), and class size reduction (\$27.7 million).

★ An augmentation of \$147.1 million for categorical program growth (\$85.4 million) and COLA (\$61.7 million).

★ A \$2 million increase in 1998-99 and a \$9 million increase in 1999-00 in federal funding for charter schools.

### One-time appropriations from the Proposition 98 Reversion Account:

★ \$52.2 million to fund the 1998-99 special education deficiencies.

★ \$44.2 million for continued implementation of the Digital High School Program.

★ \$5 million to continue implementation of the California Student Information Services Program.

★ \$4.3 million for the final year of the Oxnard Extended Year Pilot Program.

★ \$1.6 million for new desegregation programs.

★ \$250,000 for continued implementation of the Standard Account Code Structure.

### One-Time Funding/Savings

A total one-time savings of \$80.4 million in the budget year is available due to program implementation delays, including \$50 million from the new After School Learning and Safe Neighborhoods Partnership Program pursuant to Chapters 318, 319, and 320, Statutes of 1998; \$10 million from the Healthy Start Pregnancy Prevention Program, pursuant to the program extension enacted by Chapter 920, Statutes of 1998; and \$20.4 million from the Beginning Teacher Support and Assessment System. Because of the delays, the funds are available for these programs in the budget year, allowing one-time savings to be used for other priorities.

The Master Plan for Higher Education created California's higher education system, composed of the University of California (UC), California State University (CSU), and the California Community Colleges (CCC). This system is designed to provide both high-quality and affordable college education that is available to all our citizens. The Administration is committed to maintaining the quality of higher education as well as access for all Californians to the State's public colleges and universities.

California's strong system of higher education and the educated workforce it produces are powerful assets for the State's economic future. In our educational system, higher education and K-12 are each one dependent upon the other, working together to ensure that California's youth are prepared to succeed and to ensure California's continued economic prosperity in the 21<sup>st</sup> Century.

For the past four years, the budgets for UC and CSU have been based on a compact which provided specified funding increases and required performance improvements in enrollments, course transferability between segments, student outcomes, faculty salaries, and operating efficiency (the Community Colleges, funded under Proposition 98, were not covered by the compact). UC and CSU have proposed a new four-year compact that builds upon the principles of the prior compact. While the proposal is meritorious, the Governor views it as a starting point for negotiations that would lead to a new agreement, one that is based on measurable performance and recognizes the role of higher education within an education continuum that progresses from kindergarten through the baccalaureate degree and beyond. The Governor's expectations are further described earlier in this summary, in the section "The Challenge to Higher Education".

For the fifth consecutive year, there are no increases to system wide mandatory fees. Current fee levels at UC, and at CSU in particular, continue to be moderate in comparison to similar institutions, and students will pay only a fraction of the total cost of their education. The majority of the cost of education is provided by the State. For UC, the 1999-00 cost of education for a general campus student (using the methodology developed by the California Postsecondary Education Commission) will be \$14,973; the General Fund supports 65 percent of this cost of education. For CSU, the average cost of education will be \$9,975; the General Fund supports 77 percent of this cost. For CCC, the General Fund and local tax share is more than 93 percent of the \$4,303 cost of education.

For CCC, the 1999-00 Governor's Budget includes extra growth and a full cost-of-living adjustment for both general apportionments and categorical programs. Regular enrollment fees for CCC remain at \$12 per credit unit—the lowest in the nation and less than 25 percent of the national average.

The Budget proposes a variety of seismic, life safety, infrastructure and growth capital outlay projects to be funded from a total of \$572.4 million in General Obligation bond funds. In addition, the Budget continues to provide UC and CSU with the ability to streamline the approval and administration processes for capital outlay projects. Streamlining provides flexibility and authority to the university systems which increases the efficiency of project development and administration, within legislatively approved budgets.

Additional new funding and programs for each higher education segment are discussed below. Enrollments for 1999-00 are indicated in Figure HIED-1. Total funding levels (excluding capital outlay) are shown in Figure HIED-2.

# HIGHER EDUCATION



FIGURE HIED-1

Higher Education  
Full-Time Equivalent Students

|                             | 1991-92   | 1992-93   | 1993-94   | 1994-95   | 1995-96   | 1996-97   | 1997-98   | 1998-99               | 1999-00   | 1999-00<br>vs.<br>1998-99 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------|-----------|---------------------------|
| University of California    | 156,371   | 154,277   | 152,301   | 152,050   | 154,141   | 155,387   | 157,811   | 159,066 <sup>1/</sup> | 163,666   | 4,600                     |
| Undergraduate               | (117,297) | (115,133) | (113,548) | (113,869) | (116,176) | (117,465) | (119,852) | (120,815)             | (124,631) | (3,816)                   |
| Graduate                    | (26,511)  | (26,374)  | (25,930)  | (25,546)  | (25,346)  | (25,318)  | (25,682)  | (26,185)              | (26,969)  | (784)                     |
| Health Sciences             | (12,563)  | (12,770)  | (12,823)  | (12,635)  | (12,619)  | (12,604)  | (12,277)  | (12,066)              | (12,066)  | (0)                       |
| California State University | 271,159   | 258,834   | 247,866   | 247,113   | 253,376   | 262,428   | 267,984   | 271,022 <sup>2/</sup> | 279,403   | 8,381                     |
| Undergraduate               | (232,822) | (221,838) | (213,632) | (213,390) | (218,529) | (225,624) | (228,909) | (230,649)             | (238,354) | (7,705)                   |
| Graduate/Post-baccalaureate | (38,337)  | (36,996)  | (34,234)  | (33,723)  | (34,847)  | (36,804)  | (39,075)  | (40,373)              | (41,049)  | (676)                     |
| Community Colleges          | 917,839   | 896,900   | 864,014   | 854,831   | 870,270   | 902,839   | 921,933   | 949,591               | 973,331   | 23,740                    |
| Hastings                    | 1,261     | 1,253     | 1,268     | 1,257     | 1,216     | 1,284     | 1,156     | 1,146                 | 1,119     | -27                       |
| Total Students              | 1,346,630 | 1,311,264 | 1,265,449 | 1,255,251 | 1,279,003 | 1,321,938 | 1,348,884 | 1,380,825             | 1,417,519 | 36,694                    |

<sup>1/</sup> Budgeted. Estimated enrollment is 160,700 for UC

<sup>2/</sup> Budgeted. Estimated enrollment is 272,000 for CSU

FIGURE HIED-2

Higher Education Expenditures  
General Fund, Lottery Funds, State School Fund,  
Local Revenues and Student Fees  
(Dollars in Millions)

|   | 1991-92   | 1992-93   | 1993-94   | 1994-95   | 1995-96   | 1996-97    | 1997-98    | 1998-99    | 1999-00    | One-Year<br>Change Amount | Percent |
|---|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|---------------------------|---------|
| University of California <sup>1/</sup>    | \$2,685.6 | \$2,599.7 | \$2,551.6 | \$2,668.6 | \$2,769.2 | \$2,963.9  | \$3,096.9  | \$3,474.4  | \$3,550.8  | \$76.4                    | 2.2%    |
| California State University <sup>1/</sup> | 2,051.7   | 2,016.9   | 1,975.8   | 2,141.8   | 2,229.2   | 2,417.8    | 2,513.5    | 2,756.6    | 2,787.0    | \$30.4                    | 1.1%    |
| Community Colleges                        | 3,361.4   | 3,461.4   | 3,537.9   | 3,639.1   | 3,894.2   | 4,209.4    | 4,628.9    | 4,891.1    | 5,169.4    | \$278.3                   | 5.7%    |
| Student Aid Commission                    | 172.1     | 145.9     | 210.7     | 226.1     | 236.8     | 264.7      | 295.2      | 352.1      | 386.4      | \$34.3                    | 9.7%    |
| Other Higher Education <sup>2/</sup>      | 116.1     | 136.7     | 129.6     | 156.9     | 156.3     | 190.2      | 181.1      | 184.1      | 199.5      | 15.4                      | 0.1     |
| Total Funds                               | \$8,386.9 | \$8,360.6 | \$8,405.6 | \$8,832.5 | \$9,285.7 | \$10,046.0 | \$10,715.6 | \$11,658.3 | \$12,093.1 | \$434.8                   | 3.7%    |

<sup>1/</sup> For purposes of this table, expenditures for the UC and CSU have been adjusted to include the offsetting general purpose income. This provides consistency in comparing magnitudes and growth among the various segments of education.

<sup>2/</sup> The Other Higher Education amount includes Hastings College of the Law (HCL), the California Postsecondary Education Commission, and General Obligation Bond Interest and Redemptions for UC, CSU and HCL.

## UNIVERSITY OF CALIFORNIA

**General Fund Increases.** The Budget provides a General Fund increase of \$119.2 million. This amount includes \$94.2 million for a four percent increase in general purpose funds, \$24.6 million in additional funding for enrollment beyond one percent growth, \$16.6 million in funds to account for the fact that the Budget does not propose an increase in student fees, and \$8.5 million for the increased costs of annuitant health and dental benefits. There is a General

Fund decrease of \$29.6 million which offsets increases in UC income (i.e., \$15 million for a 10 percent increase in nonresident tuition and \$14.6 million for overhead on contracts and grants and other income). There is also a General Fund decrease of \$10 million to reflect other anticipated income from research projects, nonresident fees, or other sources, in addition to the amount budgeted by the Regents. Additional augmentations and new programs are discussed further in this summary.

UC will develop a specific budget plan in the spring. The Administration expects UC to continue to accept all eligible applicants, and to develop a plan which reflects the Administration's policy that UC commit to a new partnership which serves all California's students from K-12 through higher education. Additionally, the Governor is supportive of the new student admissions policy which will admit the top four percent of each high school's graduating seniors.

**K-12 Improvement Programs.** As described earlier, the Governor is proposing a total of \$13 million to establish three new programs at UC to improve the quality of K-12 teachers and administrators.

- ★ The Budget provides \$12 million for the Reading Professional Development Institutes, in which UC and other higher education institutions will provide periodic, intensive staff development training and follow-up to ensure that 6,000 of the State's newest teachers are effective in teaching reading. The funding provided includes \$6 million in Proposition 98 (General Fund) for stipends to support participants in the program, which will be implemented in June 1999.
- ★ The Budget also provides \$500,000 for planning and development of the Governor's Teacher Scholars, a rigorous new 15-month credential and master's degree program that will provide the State's most talented prospective teachers with full scholarships in exchange for teaching in schools which are the most difficult to staff.
- ★ In addition, the Budget provides \$500,000 for planning and development of the Governor's Principal Leadership Institute, which will offer broad-based training and full scholarships to highly talented prospective school principals in exchange for their

service as principals in schools which are the most difficult to staff. These latter two programs will be implemented in June 2000.

Of the amounts provided above, \$700,000 will be expended in the current year and the remaining \$12.3 million will be expended in 1999-00.

**Substance Abuse Research.** The Budget provides an additional \$2.5 million for substance abuse research at the San Francisco campus, bringing the total program to \$19.3 million for 1999-00. The augmentation reflects the Administration's commitment to this bold multi-year program which is striving to develop pharmacological treatments for drug addiction and alcoholism.

**Student Enrollment.** The Budget provides funding for additional enrollment of 4,600 full-time equivalent (FTE) students, which represents a 3.1 percent increase over currently budgeted general campus enrollments. This increase will bring total enrollment to 163,666 FTE students, which is the highest ever.

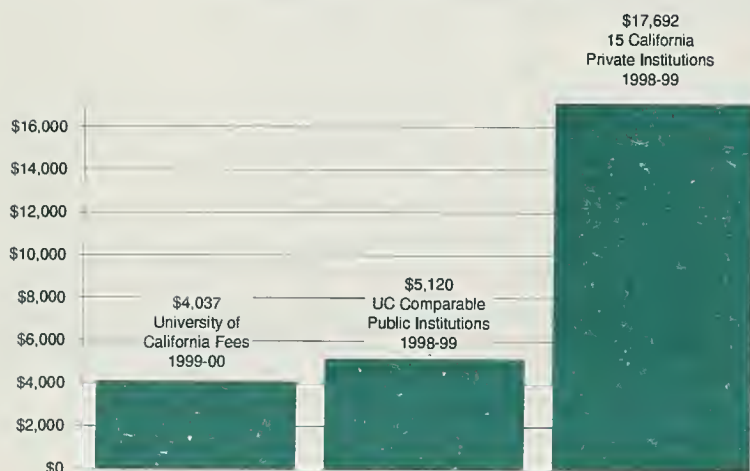
**New Student Admissions Policy.** The Administration supports the new admissions policy being developed by UC that would admit the top four percent of graduating seniors in each high school. This new policy would place greater emphasis on high student achievement without penalizing those who must attend a poor quality high school. The vast majority of students would be admitted based on their grades and scores on achievement tests, but all students within the top four percent of their own high school's graduating class would also be admitted.

**Student Fees.** This Administration is committed to preserving access to higher education for all Californians by maintaining low student fees. For the fifth year in a row, there is no increase in systemwide mandatory student fees. The Administration is affirming the policy established in Chapter 853, Statutes of 1997. This bill reduced undergraduate student fees by five percent in 1998-99, and froze them at that level through



FIGURE HIED-3

**University of California  
Fee Levels Remain Low When Compared to  
Tuition Levels at Comparable Universities  
and California Private Institutions**



1999-00. In addition, the Administration is proposing no increase in graduate student fees or in UC's professional school fees. The undergraduate fee level of \$4,037 compares very favorably to the 1998-99 average of \$5,120 at four public institutions used for salary comparison purposes (see Figure HIED-3).

**Merced Campus.** The Administration is committed to the development of the tenth UC campus in Merced. This new campus is important because it will increase UC enrollment of Central Valley residents and will support economic growth in the Central Valley. The Budget continues to provide \$9.9 million for planning the campus as well as providing educational services to students in the Central Valley area.

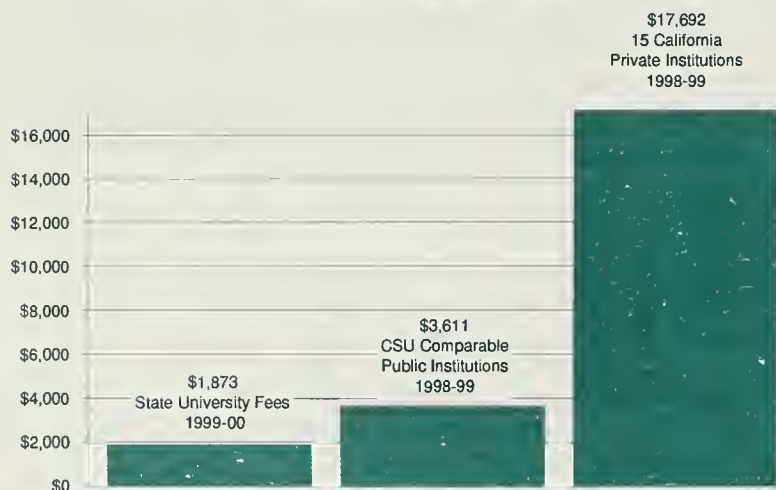
**Capital Outlay.** The Budget proposes \$209.8 million for UC from General Obligation (GO) bonds for capital outlay expenditures. This amount includes \$47 million to allow UC to complete six previously approved projects at five campuses, and \$162.8 million to allow UC to address 16 new projects at eight campuses. Priority for the funding is placed on seismic, fire and life safety, and vital infrastructure projects. The Budget continues to provide UC with the flexibility to use project savings from GO bond-funded capital outlay projects for other high-priority items. The Budget also continues to provide flexibility and authority to the university systems, which increases the efficiency of project development and administration, within legislatively approved budgets.

## CALIFORNIA STATE UNIVERSITY

**General Fund Increases.** The Budget provides a General Fund increase of \$110.9 million. This amount includes \$78.6 million for a four percent base increase in general purpose funds, \$31.1 million in additional funds for enrollment beyond one percent growth, and \$13.6 million in funds to account for the fact that the Budget does not propose an increase in student fees. There is a decrease of \$10 million to reflect funds that are

FIGURE HIED-4

**California State University  
Fee Levels Remain Low When Compared to  
Tuition Levels at Comparable Public Universities and  
California Private Institutions**





typically unexpended at year's end. In addition, there is a \$6 million decrease in the General Fund, which is offset by a corresponding increase in CSU income, to reflect a 10 percent increase in nonresident tuition. Additional augmentations and new programs are discussed below.

CSU will develop a specific budget plan in the spring. The Administration expects CSU to continue to accept all eligible applicants, and to develop a plan which reflects the Administration's desire that CSU commit to a new partnership which serves all California's students, from K-12 through higher education.

**Enrollment.** Funding is provided for additional enrollment of 8,381 FTE students, which represents a 3.1 percent increase over currently budgeted enrollments. This increase will bring total enrollment to 279,403 FTE students, which is the highest ever.

**Student Fees.** This Administration is committed to preserving access to higher education for all Californians by maintaining low student fees. For the fifth year in a row, there is no increase in systemwide mandatory student fees. Thus, the Administration is affirming the policy established in Chapter 853, Statutes of 1997. This bill reduced undergraduate student fees by five percent in 1998-99, and froze them at that level through 1999-00. In addition, the Administration is proposing no increase in graduate student fees. CSU's undergraduate fee level of \$1,873 compares very favorably with the 1998-99 average of \$3,611 at 15 public institutions used for salary comparisons (see Figure HIED-4).

**Applied Agricultural Research.** The Budget proposes a \$1 million increase in applied agricultural research conducted through the California Agricultural Technology Institute (CATI). CATI research projects are jointly funded by the State and agriculture industry partners. The proposed increase would bring total program funding to \$2 million (General Fund) plus estimated

matching funds from the agricultural industry of at least that amount. The Administration strongly supports and encourages efforts such as CATI in which the State and the business community work together to promote California's economic development and growth.

#### **Camarillo Site and Channel Islands Campus.**

The Budget provides \$1.2 million for round-the-clock police and fire protection services at the Northridge off-campus center in Camarillo. The Administration supports the continued development of the Camarillo site into a new campus which will be known as CSU, Channel Islands. The Administration is mindful of the state review process conducted by the California Post-secondary Education Commission, and believes that any additional state funding for Channel Islands is premature until that process is formally initiated by CSU.

**Capital Outlay.** The Budget proposes \$209.5 million for CSU from GO bonds for capital outlay expenditures. This amount includes \$138.4 million for CSU to complete 11 previously approved projects at nine campuses; \$58.4 million to allow CSU to address 12 new major projects at 11 campuses; and \$12.7 million for minor projects. Priority for the funding is placed on seismic, fire and life safety, and vital infrastructure projects. The Budget continues to provide CSU with the flexibility to use project savings from GO bond-funded capital outlay projects for other high-priority items. The Budget also continues to provide flexibility and authority to the university systems which increases the efficiency of project development and administration, within legislatively approved budgets.

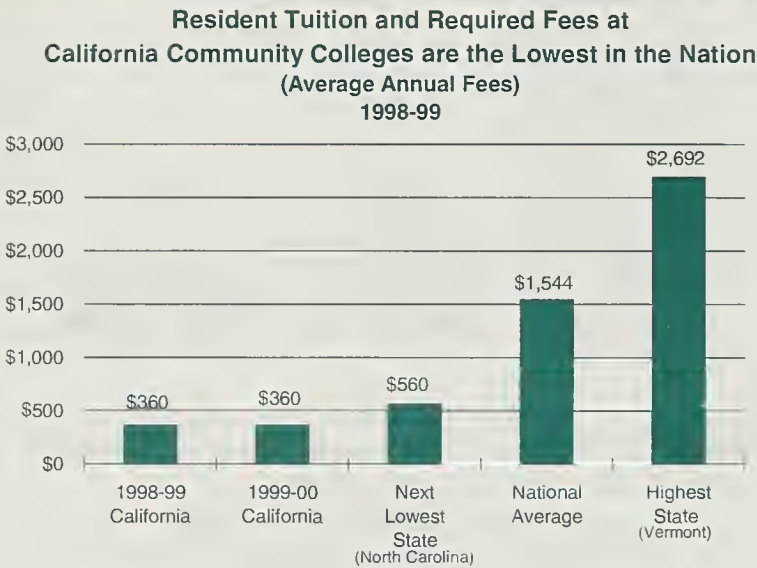
#### **CALIFORNIA COMMUNITY COLLEGES**

Total funding proposed for the California Community Colleges (CCC) exceeds \$5.1 billion reflecting a 5.7 percent increase over the \$4.8 billion provided in 1998-99.

This funding increase provides the resources for districts to address the following Administration priorities: (1) expansion of access to meet the expected college population demand over the next few years; (2) increased local accountability for preparing a well-trained, competent

workforce capable of competing in the job market of the next century; (3) investment in improving California's K-12 educational system through collaborative programs focused on teacher development, reading instruction and performance accountability; and (4) reducing barriers to efficient transfer between all campuses and four-year segments .

FIGURE HIED-5



In funding these objectives, the Budget also ensures California's community colleges continue to be the most affordable higher education system in the nation. Student fees will remain at \$12 per credit unit, the lowest in the nation. Figure HIED-5 compares California's annual enrollment fees to fees nationwide for 1998-99. The chart shows that the national average for student fees at community colleges are more than four times the fees paid in California, assuming national trends continue into the budget year. Fees charged in North Carolina, the state with the second lowest fees, are more than 55 percent greater than fees charged in California. Additionally, the Budget includes funds to offset the associated fees waived for all needy students.

As Figure HIED-6 shows, total funding for CCC in 1999-00 is over \$5.1 billion.

FIGURE HIED-6

**Significant Revenue Sources for Community Colleges (Dollars in Millions)**

| Source of Funds      | 1992-93   | 1993-94   | 1994-95   | 1995-96   | 1996-97   | 1997-98   | 1998-99   | 1999-00   | Change from 1998-99 |         |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------|---------|
|                      |           |           |           |           |           |           |           |           | Dollars             | Percent |
| State General Fund   | \$1,641.6 | \$1,279.2 | \$1,342.7 | \$1,600.3 | \$1,872.5 | \$2,108.3 | \$2,291.9 | \$2,449.7 | 157.8               | 6.9%    |
| Lottery Fund         | 85.5      | 94.2      | 100.7     | 107.4     | 95.4      | 108.7     | 121.7     | 126.3     | 4.6                 | 3.8%    |
| Local Property Taxes | 1,010.3   | 1,278.5   | 1,332.0   | 1,348.1   | 1,335.7   | 1,421.1   | 1,448.7   | 1,523.9   | 75.2                | 5.2%    |
| Student Fees         | 122.6     | 186.9     | 174.9     | 166.9     | 163.5     | 166.5     | 158.3     | 162.3     | 4.0                 | 2.5%    |
| Other State Funds    | 6.5       | 5.5       | 7.3       | 7.3       | 6.5       | 7.4       | 9.3       | 9.2       | -0.1                | -1.1%   |
| Federal Funds        | 118.5     | 136.3     | 146.1     | 143.7     | 142.1     | 150.0     | 150.0     | 150.0     | 0.0                 | 0.0%    |
| Local Miscellaneous  | 472.2     | 554.4     | 533.8     | 516.9     | 590.7     | 662.7     | 706.9     | 743.8     | 36.9                | 5.2%    |
| Local Debt Service   | 4.2       | 2.8       | 1.7       | 3.6       | 3.0       | 4.2       | 4.2       | 4.2       | 0.0                 | 0.0%    |
| Total Revenue        | \$3,461.4 | \$3,537.8 | \$3,639.1 | \$3,894.2 | \$4,209.4 | \$4,628.9 | \$4,891.1 | \$5,169.4 | 278.3               | 5.7%    |

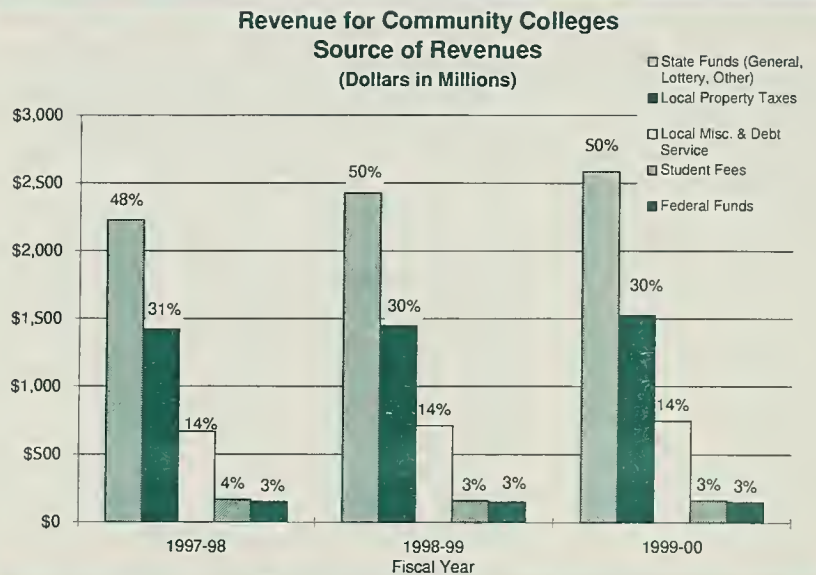


Figure HIED-7 shows the funding sources and their proportions from 1997-98 through 1999-00.

**Major Budget Year Adjustments.** The following permanent increases are proposed for the general apportionment and other programs for 1999-00.

- ★ \$84.9 million for a 2.5 percent growth in enrollments and categorical programs. This level exceeds the 1.96 percent change in adult population, the current statutory index for system growth. The 2.5 percent growth will fund an additional 23,740 FTEs, bringing the estimated FTEs level to over 973,300—the highest level of instructional workload ever for the system.
- ★ \$62.8 million to fund a 1.83 percent cost-of-living adjustment to fully fund inflation for both general purpose funds and categorical programs—for the fifth consecutive year. This amount reflects the decision to provide consistency between the statutory adjustment factors used for both community colleges and the K-12 system. This change will more accurately reflect inflation by utilizing the most recent year-to-year average change in the cost of government goods and services, rather than the year-to-year change from a single quarter as currently prescribed for the community colleges.
- ★ \$10 million is added for the Partnership for Excellence program, a new program established in 1998-99 with a base of \$100 million to encourage higher levels of positive student outcomes and to reflect a policy of increased accountability by our educational institutions. The Partnership, authorized by Chapter 330, Statutes of 1998, is based on a principle that districts must be accountable for allocating additional general purpose funding to improve student outcomes to meet their own unique service area's needs. While the Administration strongly supports increased accountability among all segments of education and recognizes that this

**FIGURE HIED-7**



program reflects the first large scale attempt to link higher education accountability to funding, system wide goals are currently under development and results from this significant investment will not be known for several years. Future increases will be contingent upon establishment of sufficiently rigorous goals, clarity of annual program and district accountability reports, appropriateness of the contingent funding mechanism called for in the enabling legislation and, most importantly, attainment of improved student outcomes in the areas of transfer, degrees and certificates, successful course completion, workforce development, and basic skills improvement.

- ★ \$10 million for a new Reading and Teacher Development Partnership initiative as discussed in the Elementary and Secondary Education Initiatives section. This new program is intended to encourage more students to seek teaching careers while advancing reading improvements through



internships in elementary schools for promising students. The Administration proposes the specific requirements, incentives, and grant levels to districts be developed by the Chancellor through the shared governance process and that an evaluation component be developed to ensure it accomplishes the Governor's objectives.

- ★ \$10.6 million for a new High School Report Card initiative as discussed in the Elementary and Secondary Education Initiatives section. This new program is intended to improve feedback from every college to every school district on the progress of high school graduates enrolling as first time college students. This feedback will help clarify academic weaknesses in an effort to improve student preparation. Additionally, the program provides resources to improve assessment methods for entering students to assist in early college success. Again, the Administration proposes that the Chancellor develop the specific requirements, grant levels, and accountability process to meet the Governor's objectives.
- ★ The Administration proposes \$1.8 million to fund 12 additional Middle College High Schools as the Administration's third Community College Initiative directed at improving elementary and secondary student education outcomes. This is a proven program designed to provide a supportive, academically challenging environment for high ability, at risk youth. Expansion of the Middle College High School program is consistent with the Administration's goal of providing support to students seeking academic advancement in a wide range of skills.
- ★ \$2.5 million to enhance transfer activities between the four-year segments and the community colleges through two new components: \$550,000 for Faculty Articulation Workshops which would bring community college faculty members together

to complete articulation of courses in academic major disciplines affecting a majority of students over a five-year period, and \$1.9 million for Clarification of General Education Requirements and the Certification Process which provides greater consistency identifying in course catalogues and on transcripts the classes that satisfy general education requirements at four-year institutions over a two-year period. These two new initiatives will complement the existing programs dedicated to fulfilling one of the colleges' primary missions—the transfer of community college students to four year institutions.

- ★ The Administration supports continued funding for the community colleges' \$33 million annual Economic Development Program, which would sunset if not reauthorized by January 1, 2000. The Administration supports continuous workforce improvement and business development as one of the fundamental missions of the community colleges. However, based on recent reports on the status and effectiveness of the program, improved accountability and reporting are necessary before future expansion of this program may be considered.

**Current Year Local Assistance Adjustments.** The Budget reflects \$9.8 million in one-time savings due to higher property tax collections from the counties (\$8.6 million) and revised estimates for the leasing of community college facilities (\$1.2 million).

**State Operations.** Ongoing General Fund increases of \$204,000 includes funding for three new positions at the Chancellor's Office in support of the transfer and articulation process, legal affairs workload, and increased fiscal accountability activities.

**Capital Outlay.** The Budget proposes \$153.1 million for capital outlay projects. This funding level allows the colleges to fund

93 projects at 69 campuses including the continuing phases of 45 previously approved projects and 48 new projects. Projects include program expansion, correction of fire and life safety deficiencies, and equipment to complete previously funded projects.

## STUDENT FINANCIAL AID

The Administration is committed to keep higher education affordable by maintaining low student fees and by providing increases in student financial aid. The Administration supports a continuation of the policy that one-third of any future increases in UC and CSU student fee revenue be used for student financial aid. The funding of financial aid grants from the General Fund and new fee revenue will increase by \$40 million over 1998-99, bringing the total to \$802 million in 1999-00 (see Figure HIED-8).

It should be emphasized that students also receive financial aid from federal, private, and other sources in the form of grants, work study,

and loans. Altogether, students in California's public and private higher education institutions received about \$5.1 billion in financial aid in 1997-98, an increase of \$2.8 billion since 1990-91. Currently, over 70 percent of UC students and over 53 percent of CSU students receive financial aid.

**Cal Grant Program.** The Administration is committed to expansion of the Cal Grant program to preserve access to higher education for the State's most financially needy students. For 1999-00, \$5 million is provided for an increase of approximately 1,672 new Cal Grant awards (836 new A awards and 836 new B awards). This increase brings the number of new awards in the Cal Grant undergraduate program to 47,337, which represents a four percent increase over the current year and a 52 percent increase since 1995-96.

In addition, \$30 million is provided for baseline increases in the Cal Grant program to reflect the continued costs of phasing in the 1996-97,

**FIGURE HIED-8**

### Financial Aid Grants General Fund and Fee Revenue Funded (Dollars in Thousands)

| Institution/Fund Source                   | 1991-92          | 1992-93          | 1993-94          | 1994-95          | 1995-96          | 1996-97          | 1997-98          | 1998-99          | 1999-00          |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| University of California <sup>1/</sup>    | \$105,877        | \$130,704        | \$156,450        | \$176,531        | \$180,700        | \$195,481        | \$196,427        | \$195,161        | \$199,591        |
| General Fund                              | 56,460           | 53,834           | 65,423           | 53,743           | 62,644           | 62,260           | 60,251           | 60,385           | 60,385           |
| Fee Revenue                               | 49,417           | 76,870           | 91,027           | 122,788          | 118,056          | 133,221          | 136,176          | 134,776          | 139,206          |
| California State University <sup>1/</sup> | 46,493           | 84,989           | 94,591           | 109,042          | 110,047          | 114,588          | 115,974          | 120,527          | 125,088          |
| General Fund                              | 46,493           | 47,896           | 48,227           | 47,680           | 47,659           | 47,684           | 48,417           | 54,180           | 54,180           |
| Fee Revenue                               | —                | 37,093           | 46,364           | 61,362           | 62,388           | 66,904           | 67,557           | 66,347           | 70,908           |
| Community Colleges <sup>2/</sup>          |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General Fund                              | 16,849           | 28,291           | 51,540           | 74,799           | 93,307           | 97,935           | 102,684          | 103,297          | 99,029           |
| Student Aid Commission                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| General Fund                              | 168,975          | 142,831          | 207,600          | 222,878          | 230,523          | 257,670          | 282,228          | 343,280          | 378,419          |
| <b>Total</b>                              | <b>\$338,194</b> | <b>\$386,815</b> | <b>\$510,181</b> | <b>\$583,250</b> | <b>\$614,577</b> | <b>\$665,674</b> | <b>\$697,313</b> | <b>\$762,265</b> | <b>\$802,127</b> |
| General Fund                              | 288,777          | 272,852          | 372,790          | 399,100          | 434,133          | 465,549          | 493,580          | 561,142          | 592,013          |
| Fee Revenues                              | 49,417           | 113,963          | 137,391          | 184,150          | 180,444          | 200,125          | 203,733          | 201,123          | 210,114          |

<sup>1/</sup> Reflects budgeted amounts for 1998-99 and 1999-00.

<sup>2/</sup> Reflects budgeted amounts for all years.

1997-98, and 1998-99 increases in both the number of Cal Grant awards and the maximum award level for students attending private institutions.

**Cal Grant T.** Last year, the Legislature enacted a new financial aid grant called "Cal Grant T", for financially needy students enrolled in teacher preparation programs. The Budget continues funding to provide 3,000 grants per year. The grants will provide funding for fees and tuition, in the same amount as for Cal Grant A, and will cover the full year of the teacher preparation program.

**Assumption Program of Loans for Education (APLE).** This program assumes the cost of student loans for teachers who agree to teach up to four years in a shortage area. The APLE program was expanded last year from 400 participants to 4,500, including 500 awards designated for out-of-state teachers recruited to work in California schools. The Administration strongly supports programs like this, that encourage teacher recruitment and retention.

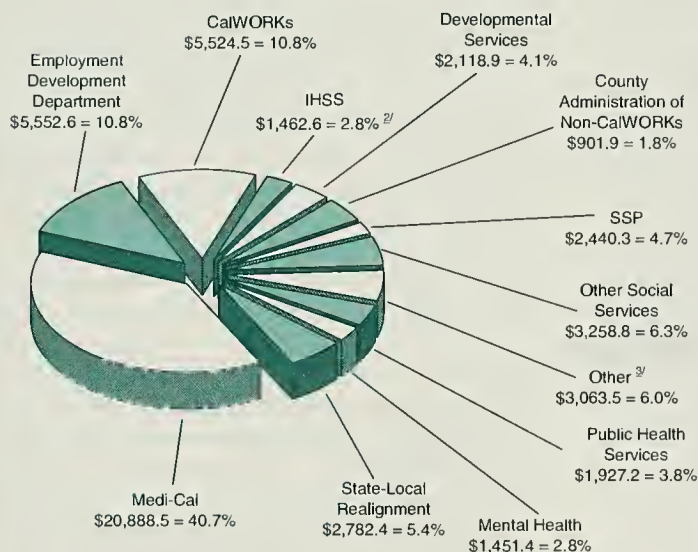


For 1999-00, Health and Human Services expenditures total \$51.4 billion in combined state and federal funds and include expenditures for approximately 39,900 personnel years.

Figure HHS-1 displays the allocation of funding by major program areas, and Figure HHS-2 displays caseloads.

**FIGURE HHS-1**

**Health and Human Services  
Proposed 1999-00 Expenditures<sup>1/</sup>  
All Funds  
(Dollars in Millions)**



## DEPARTMENT OF SOCIAL SERVICES (DSS)

### California Work Opportunity and Responsibility to Kids (CalWORKs)

The CalWORKs program implements California's version of the federal Temporary Assistance for Needy Families (TANF) program. The CalWORKs program replaced the Aid to Families with Dependent Children (AFDC) program on January 1, 1998, pursuant to Chapter 270, Statutes of 1997.

The CalWORKs program is California's largest cash aid program for children and families designed to provide temporary assistance to meet basic needs (shelter, food, and clothing) in times of crisis. While providing time-limited assistance, the program also promotes self-sufficiency by establishing work requirements and encouraging personal accountability. The program recognizes the differences among counties and affords them maximum program design and funding flexibility to better ensure successful implementation at the local level.

**Caseload Trends.** Caseload is projected to decrease for the fifth consecutive year in 1999-00, a significant turnaround from the rapid growth of the early 1990s (see Figure HHS-3). Policy reforms promoting work skills and encouraging job skills training, more support for child care services, increasing financial incentives encouraging work, and an improved economy have assisted recipients and potential recipients in finding work. The revised 1998-99 caseload trend

<sup>1/</sup> Includes support and local assistance.

<sup>2/</sup> Reimbursements comprise \$860.0 million of this figure.

<sup>3/</sup> Includes Health and Human Services Agency, Departments of Aging, Alcohol and Drug Programs, Rehabilitation, Community Services and Development, Health and Welfare Agency Data Center, Office of Statewide Health Planning and Development, State Independent Living Council, Emergency Medical Services Authority, Child Development Policy Advisory Committee, California Children and Families First Commission, State Council and Area Boards on Developmental Disabilities, California Medical Assistance Commission, Managed Risk Medical Insurance Board, and state support for the Department of Health Services. Also included are the costs associated with Health and Human Services mandates, debt service, and set-asides.

FIGURE HHS-2

Major Health and Welfare Program Caseload

|   | 1998-99<br>Revised | 1999-00    | Change   |
|---|--------------------|------------|----------|
| California Children's Services<br>(treatment of physical handicaps) <sup>1/</sup> | 142,620            | 146,88     | 4,230    |
| Medi-Cal Certified Eligible (provision of<br>medical services to eligible poor)   | 5,007,900          | 4,957,200  | -50,700  |
| CalWORKs (support for deprived<br>families with minor children)                   |                    |            |          |
| a. Avg. monthly trend persons served  | 1,900,705          | 1,726,963  | -173,742 |
| b. Avg. monthly trend cases   | 651,351            | 597,922    | -53,429  |
| Foster Care <sup>2/</sup>   | 93,571             | 100,538    | 6,967    |
| SSI/SSP (support for aged, blind, and disabled) <sup>2/</sup>                     | 1,038,644          | 1,061,844  | 23,200   |
| In-Home Supportive Services <sup>2/</sup>   | 213,935            | 221,074    | 7,139    |
| Non-Assistance Food Stamps <sup>2/</sup>  | 283,931            | 244,605    | -39,326  |
| State Hospitals   |                    |            |          |
| a. Mental health clients <sup>2/</sup>  | 4,467              | 4,434      | -33      |
| b. Developmentally disabled clients <sup>2/</sup>                                 | 3,747              | 3,571      | -176     |
| Community Developmentally Disabled Services                                       |                    |            |          |
| a. Regional Centers <sup>2/</sup>   | 150,128            | 156,183    | 6,055    |
| b. Work Activity Program <sup>2/</sup>  | 20,814             | 21,524     | 710      |
| Vocational Rehabilitation <sup>4/</sup>   | 22,437             | 20,226     | -2,211   |
| Alcohol and Drug Programs <sup>5/</sup>   | 331,000            | 331,000    | 0        |
| Employment Services   |                    |            |          |
| a. Job opening listings   | 1,200,000          | 1,300,000  | 100,000  |
| b. Job seeker registrations   | 750,000            | 800,000    | 50,000   |
| c. Job seekers entering employment  | 370,000            | 392,000    | 22,000   |
| Unemployment Insurance (total weeks claimed)                                      | 19,073,100         | 19,346,400 | 273,300  |

<sup>1/</sup> Average quarterly caseload.

<sup>2/</sup> Average monthly caseload.

<sup>3/</sup> Year-end population.

<sup>4/</sup> New plans written each year.

<sup>5/</sup> Participants served during the fiscal year. Excludes Driving Under the Influence Certification Program.

projects 651,000 cases with 1,901,000 recipients. Full implementation of CalWORKs and continued, though moderating, job growth in 1999-00 is expected to result in a further decline in caseload to 598,000 cases and 1,727,000 recipients. The explosive caseload increase of the early- to mid-1990s has been reversed and the caseload is projected to be at levels not seen since 1988-89 (see Figure HHS-4).

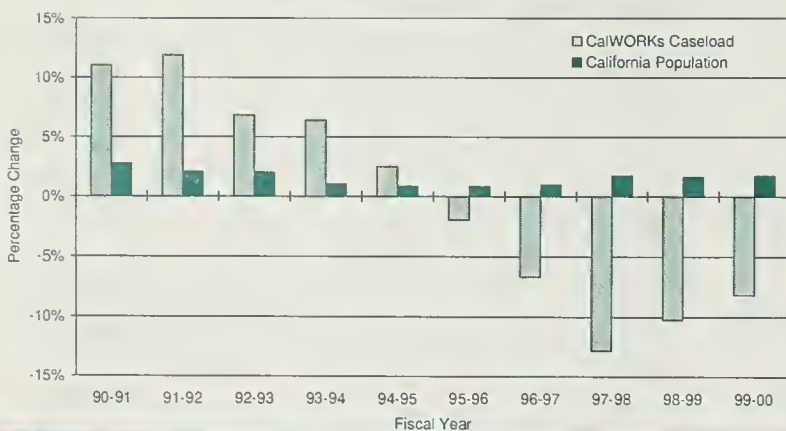
**TANF Block Grant and Maintenance-of-Effort (MOE).** Under federal TANF provisions, California is awarded a block grant of \$3.7 billion per year. Any unspent block grant amount may be carried forward by the State from year to year. The State and counties have a federal MOE requirement of \$2.9 billion per federal fiscal year, which is met by the budget proposal. In total, CalWORKs expenditures for 1999-00 are proposed to be \$7.4 billion, compared to \$7.5 billion in 1998-99. Of the \$7.4 billion, \$6.2 billion is budgeted within DSS, and the remaining \$1.2 billion is budgeted as follows: \$568.2 million in the California Department of Education (CDE) and California Community Colleges (CCC) for child care; \$183 million for a child care reserve; and \$206.1 million in other departments' budgets and \$223.4 million in county budgets (see Figure HHS-5).

**Grant Levels.** The Budget funds a July 1999 cost-of-living adjustment (COLA) of 2.08 percent based on the California Necessities Index (CNI), as required by current law. The cost of the COLA is \$88.9 million, and will increase the cash grant level for a family of three in Region I from \$611 to \$624 and in Region II from \$582 to \$595.

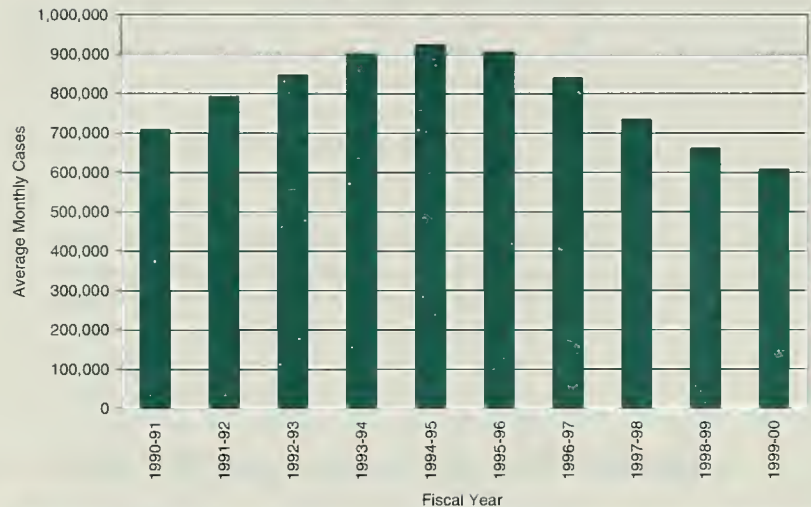
**County Block Grant.** Under CalWORKs, the State sets basic program standards, including grant levels, eligibility criteria, and time limits. The Budget provides funds for counties as a block grant that may be used to divert recipients from public assistance or to provide employment services, child care, and other supportive services to help transition aid recipients to work.

FIGURE HHS-3

Annual Percentage Change in CalWORKs Caseload and California Population 1990-91 through 1999-00





**FIGURE HHS-4****CalWORKs Caseload  
1990-91 through 1999-00**

The county block grant provides counties with the necessary fiscal discretion to manage their CalWORKs program to ensure local success. The block grant available to counties in 1999-00 is projected to exceed \$1.4 billion. In addition to the block grant, the counties are provided with \$70.5 million to provide substance abuse services, \$51.8 million to provide mental health services, and \$25 million for the State's matching share for the federal Welfare-to-Work grant. CalWORKs also rewards counties with 100 percent of the savings resulting from specific program successes, and the Budget includes \$479 million for these incentive payments to counties in 1999-00.

**CalWORKs Child Care.** The Budget funds child care for CalWORKs recipients at a total of \$1.2 billion to provide services to approximately 274,500 children in 1999-00, compared to estimated expenditures of \$968 million in 1998-99. A total of \$498.6 million is budgeted within DSS for CalWORKs child care. In addition, the budgets for CDE and CCC include \$553.2 million and \$15 million, respectively to provide CalWORKs child care services. The \$1.2 billion amount includes a \$183 million reserve to be used by either DSS or CDE child care providers, as needed during the year.

**Welfare-to-Work.** The federal Balanced Budget Act of 1997 established the Welfare-to-Work program to provide grants to states and local communities over two years to assist them in meeting the goals of the federal TANF program. California uses the funds from this program to supplement the CalWORKs program. The State received \$190.4 million in 1997-98 and will receive \$173 million in 1998-99 of federal formula grant funds which have been appropriated to the Employment Development Department for allocation to local Service Delivery Areas. The State is required to match every \$2 of this funding with \$1 in state funding by September 30, 2000. The 1999-00 Budget includes

**FIGURE HHS-5****1999-00  
CalWORKs Program Expenditures  
(Dollars in Millions)****Department of Social Services (DSS):**

|                           |         |
|---------------------------|---------|
| Assistance Payments       | \$3,444 |
| CalWORKs Services         | 1,256   |
| County Incentive Payments | 479     |
| Basic Services            | 453     |
| Substance Abuse Services  | 70      |
| Mental Health Services    | 52      |
| Welfare-to-Work Grant     | 25      |

|                             |                |
|-----------------------------|----------------|
| Child Care                  | 499            |
| County Administration       | 442            |
| DSS Administration          | 27             |
| Other CalWORKs Costs in DSS | 335            |
| County Probation            | 201            |
| <b>Total CalWORKs, DSS</b>  | <b>\$6,204</b> |

**Other Agencies:**

|  |                |
|--|----------------|
| Child Care                               | \$568          |
| California Department of Education (CDE) | 553            |
| California Community Colleges            | 15             |
| CDE/DSS Child Care Reserve               | 183            |
| 58 Counties CalWORKs Expenditures        | 223            |
| <b>Total CalWORKs, Other Agencies</b>    | <b>206</b>     |
| <b>Total CalWORKs Expenditures</b>       | <b>\$7,384</b> |



\$25 million General Fund, as part of this match, appropriated to DSS to supplement CalWORKs employment services.

### Child Support Collections

The Child Support Enforcement program establishes and enforces court orders for child, spousal, and medical support from absent parents on behalf of dependent children and their caretakers. Collections are made by the 58 county District Attorneys at the request of a custodial parent on behalf of any child. Child support collections made on behalf of CalWORKs families and children in foster care reduce the cost of those two programs. Savings to the two programs are offset by the cost to provide counties an incentive payment on the amount collected. In 1998-99, total net child support collections, which offset state program costs, are estimated to result in \$193.5 million General Fund savings. Of this amount, \$187.8 million is in the CalWORKs program, and \$5.7 million is in the foster care program. For 1999-00, the Budget includes total net child support collections of \$215.5 million General Fund. Of this amount, \$209.5 million will offset CalWORKs costs, and the remaining \$6 million will offset foster care costs.

### Child Welfare System

The child welfare system in California provides a continuum of services to children who are abused or neglected, and to their families, through three primary programs: Child Welfare Services (CWS), Foster Care, and Adoptions. The 1999-00 Governor's Budget proposes \$2.5 billion (\$1.2 billion General Fund) to provide assistance payments and services to children, including \$1.3 billion (\$588 million General Fund) for CWS; \$997.5 million (\$438.3 million General Fund) for Foster Care; and \$237 million (\$129.6 million General Fund) for Adoptions. Costs for DSS to administer these programs are \$42.5 million (\$22.5 million General Fund).

**Child Welfare Services Augmentation.** Due to increasing allegations of child abuse, neglect, or exploitation, CWS workers have experienced increasing caseloads. Responding to the need to better protect California's vulnerable children, the Budget continues to provide \$68.4 million (\$40 million General Fund) as emergency funding for additional county CWS workers. This funding will allow counties to reduce the workloads of caseworkers who respond to approximately 185,000 cases of abused and neglected children each month. Chapter 785, Statutes of 1998, requires a study of CWS staffing and related funding issues, which is expected to lead to a recommendation by January 30, 2000, regarding a longer-term balance of resources and needs.

**Foster Care Rate Increases.** Chapter 944, Statutes of 1997, provided a six percent rate increase for foster family homes effective July 1, 1998. Chapter 311, Statutes of 1998, provides for a six percent rate increase for those children placed in group homes and certified family homes of foster family agencies retroactive to July 1, 1998. The Budget includes \$59.5 million (\$25.5 million General Fund) for the cost of these rate increases in 1999-00. In addition, the Budget includes \$13 million (\$5.2 million General Fund) to provide a 2.08 percent COLA, effective July 1, 1999, for foster family and group home placements.

**Group Home Monthly Visits.** To assure that quality services are being provided to children in out-of-home care, the Budget includes \$19.3 million (\$11.3 million General Fund) to permit monthly visits by social workers to all foster care children placed in group home care. This funding will permit an additional ten visits annually per child, including those placed in out-of-state facilities.

**Independent Living Program.** The Independent Living Program provides services to prepare youths for the transition from foster care to

emancipation. The Budget includes \$15.2 million General Fund to expand the program, permitting services for youths up to age 21.

**Kinship Guardianship Assistance Payment (Kin-GAP) Program.** The Budget includes net costs of \$28.6 million (\$8.1 million General Fund) for the CWS and Foster Care programs to implement Kin-GAP pursuant to the provisions of Chapter 1055, Statutes of 1998. The program provides another permanent placement option for foster care children in stable kinship care situations by continuing financial assistance after guardianship has been established and the child is no longer a dependent of the court.

**Foster Care Ombudsperson.** The Budget includes \$312,000 (\$156,000 General Fund) to establish the Office of the Foster Care Ombudsperson to provide a link between community care licensing and foster care rate setting and placement agencies. In addition, the office will investigate complaints and resolve issues related to the care, placement, and/or services provided to children in out-of-home care.

### Supplemental Security Income/State Supplemental Payment (SSI/SSP)

The federal SSI program provides a monthly cash benefit to eligible aged, blind, and disabled persons who meet the program's income and resource requirements. In California, the SSI payment is augmented with an SSP grant. These cash grants assist recipients with basic needs and living expenses. The federal Social Security Administration (SSA) administers the SSI/SSP program, making eligibility determinations and grant computations, and issuing combined monthly checks to recipients.

**1999-00 Program.** The Governor's Budget proposes \$2.4 billion General Fund for SSP in 1999-00. This represents an 8.1 percent increase above the 1998-99 expenditure level. This increase is the result of caseload growth and the full-year effect of both federal and state COLAs

plus an additional one percent grant increase effective January 1, 1999, pursuant to Chapter 329, Statutes of 1998. The Budget also assumes a 2.6 percent Consumer Price Index COLA factor to reflect the federal contribution to the SSI/SSP grant increase and an estimated 2.08 percent CNI COLA, effective January 1, 2000. These COLAs will increase the January 1, 2000, Payment Standard to \$690 for an individual and \$1,226 for a couple (see Figure HHS-6). As reflected in Figure HHS-7, California continues to provide the highest level of support to SSI/SSP recipients among the ten most populous states.

**FIGURE HHS-6**

### Changes in California SSI/SSP Payment Standards Independent Living Arrangements Aged and Disabled

| Implementation Date              | Individuals | Couples |
|----------------------------------|-------------|---------|
| January 1, 1998 Payment Standard | \$650       | \$1,156 |
| January 1, 1999 Payment Standard | 676         | 1,201   |
| January 1, 2000 Payment Standard | 690         | 1,226   |

**FIGURE HHS-7**

### Comparison of 1998 SSI/SSP Payment Standards<sup>1</sup> for the Ten Most Populous States

| State                       | Independent Living Arrangement |         |             |         |
|-----------------------------|--------------------------------|---------|-------------|---------|
|                             | Aged and Disabled              |         | Blind       |         |
|                             | Individuals                    | Couples | Individuals | Couples |
| California                  | \$650                          | \$1,156 | \$705       | \$1,339 |
| New York                    | 580                            | 844     | 580         | 844     |
| New Jersey                  | 525                            | 766     | 525         | 766     |
| Pennsylvania                | 521                            | 785     | 521         | 785     |
| Michigan                    | 508                            | 769     | 508         | 769     |
| Ohio <sup>2,3</sup>         | 494                            | 741     | 494         | 741     |
| Florida <sup>2</sup>        | 494                            | 741     | 494         | 741     |
| Illinois <sup>2,3</sup>     | 494                            | 741     | 494         | 741     |
| North Carolina <sup>2</sup> | 494                            | 741     | 494         | 741     |
| Texas <sup>4</sup>          | 494                            | 741     | 494         | 741     |

<sup>1</sup>January 1998 federal payment standards are \$494 per individual and \$741 per couple.

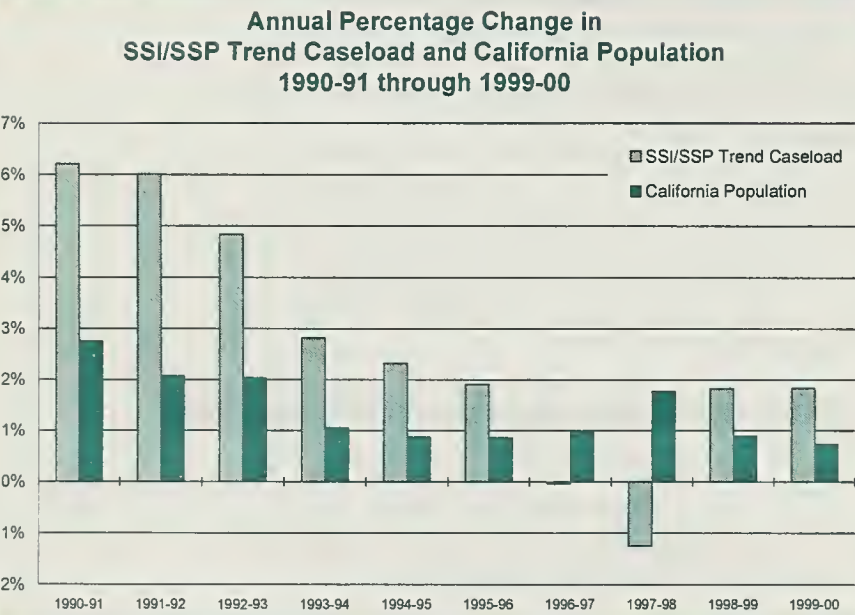
<sup>2</sup>Reflects the federal SSI payment standard only as these states do not supplement for an independent living arrangement.

<sup>3</sup>These states do not have a standard SSP allowance. Payments are based upon individual needs and circumstances.

<sup>4</sup>This state does not provide a supplement.



FIGURE HHS-8



**Caseload Trends.** The caseload in this program is estimated to be 1,062,000 recipients, a 2.2 percent increase over 1998-99. Figure HHS-8 compares the annual percentage change in California's SSI/SSP caseload and California's population. Except for caseload decreases associated with federal eligibility changes in the mid-1990s, the caseload has grown faster than the general population throughout the 1990s. The SSI/SSP caseload consists of 31 percent aged, 2 percent blind, and 67 percent disabled persons.

**Administrative Fees.** The Social Security Administration formerly administered SSI/SSP benefit payments without charge to the states. Effective October 1, 1993, federal law was changed to require the states to pay SSP administrative costs. As of October 1, 1998, the monthly check fee is \$7.60, and it will increase in the next three years to \$7.80, \$8.10, and \$8.50, respectively. The General Fund costs for SSP administration are estimated to be \$100.5 million in 1999-00.

**Cash Assistance Program for Immigrants (CAPI).** Chapter 329, Statutes of 1998, established the CAPI. The Budget includes an appropriation of \$22.7 million to fund the CAPI in 1999-00. The program provides benefits to (1) documented persons in the country prior to August 22, 1996, who were not receiving SSI/SSP benefits on September 30, 1998, and (2) documented persons arriving in the country after August 22, 1996, whose sponsor is deceased, disabled, or abusive. This program had been authorized to provide benefits to documented persons in the country prior to August 22, 1996, who were receiving SSI/SSP benefits; however, recent federal law permits those recipients to continue receiving their benefits indefinitely. The CAPI program sunsets on July 1, 2000.

**Special Circumstances Program.** The Budget includes \$8.3 million General Fund for the Special Circumstances Program. This program, administered by the counties, offers time-limited benefits for nonrecurring needs in order to assist in maintaining individuals in their homes. Benefits may include housing repairs, moving expenses, home modifications, foreclosure prevention, and recovery from catastrophe.

**Adult Protective Services (APS)**

The APS is a county-administered program, which includes the investigation of situations involving elderly or dependent adults who are victims of abuse, neglect, or exploitation. Chapter 946, Statutes of 1998, established an enhanced and comprehensive APS system to address the increasing need for APS in California. The enhanced services include a 24-hour emergency response system, emergency shelter, food, transportation, and in-home protective care. The 1998-99 Budget includes an augmentation of \$32.9 million (\$20 million General Fund) to fund an expansion of the APS system. These augmentations brought 1998-99 APS funding to \$53.7 million (\$30.9 million General Fund).



The 1999-00 Governor's Budget includes an additional \$23.6 million (\$15.3 million General Fund) to bring the total for APS to \$77.3 million (\$46.2 million General Fund).

The American Public Human Services Association has released a nationwide study on elder abuse which indicates that the number of incidents of elder abuse and neglect in California may be less than previously estimated. Given the uncertainty surrounding the number of elderly and dependent adult abuse and neglect incidences, DSS will assess the incidence rate in California to determine future program funding needs.

### **In-Home Supportive Services (IHSS)**

The IHSS program provides support services, such as house cleaning, transportation, personal care services, and respite care to eligible, low-income aged, blind, and disabled persons. These services are provided in an effort to allow individuals to remain safely in their homes and prevent premature institutionalization. The program consists of the state- and county-funded Residual Program and the Personal Care Services Program for Medi-Cal eligible individuals.

The 1999-00 average monthly caseload is projected to be 221,000 cases, an increase of 3.3 percent over the 1998-99 caseload of 214,000. The Budget includes nearly \$1.5 billion (\$539 million General Fund) for the IHSS program, an increase of 1.8 percent above the estimated 1998-99 expenditures.

### **Community Care Licensing**

This program licenses and monitors nearly 69,000 community care facilities that serve approximately 1.2 million clients. Program growth trends indicate an overall increase of 839 licensed community care facilities in 1999-00, a 1.2 percent increase. The Governor's Budget includes a \$2 million General Fund augmentation for workload associated with

facility growth and an increase of \$2 million General Fund for program and technology enhancements to licensing and background check operations and for the program's information technology system.

### **Automation Projects**

The Health and Welfare Agency Data Center (HWDC) manages five major automation projects for DSS. These systems assist in the administration of the CalWORKs, Food Stamp, Child Welfare Services, and child support programs and further the Administration's goal of providing quality services as efficiently as possible while preventing fraud and reducing long-term costs.

#### **Statewide Automated Welfare System (SAWS).**

The SAWS automates welfare eligibility processes and administrative functions for the CalWORKs, Food Stamp, Medi-Cal, Foster Care, Refugee, and County Medical Services programs through the development of four separate consortia systems.

**Interim SAWS.** This consortium is comprised of 35 counties and is in the maintenance and operations phase. The Budget proposes \$25.7 million (\$12.3 million General Fund) for maintenance and operations activities.

**Welfare Client Data System.** The Budget includes \$30.5 million (\$15.9 million General Fund) for the design, development, and implementation of this system which will serve 18 counties.

**Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting (LEADER) System.** The Budget proposes \$8.7 million (\$3.2 million General Fund) for continued implementation activities of LEADER. In addition, the Budget includes \$1.7 million (\$673,000 General Fund) to reprogram the LEADER System to incorporate the various welfare reform requirements.

**Consortium IV.** The Budget includes \$12.6 million (\$6.3 million General Fund) for planning and implementation activities to serve the four remaining counties.

The Budget also proposes \$4.4 million (\$2.2 million General Fund) for SAWS Technical Architecture (SAWS-TA) implementation. The SAWS-TA will transfer case eligibility, management, antifraud, and statewide reporting information among the four consortia and other related systems. Finally, the Budget proposes \$5.9 million (\$3 million General Fund) for DSS and HWDC state oversight and management of the system.

**Child Welfare Services/Case Management System (CWS/CMS).** This System automates tracking and reporting information for the Child Welfare Services, Foster Care, and Adoptions programs. The CWS/CMS, which is fully operational in all 58 counties, assists counties to more effectively administer the CWS program by enabling social workers to make better decisions for neglected and abused children, allowing social workers to spend more time providing services to clients rather than doing paperwork, and improving statewide information sharing. It also provides the counties with better program management information, facilitates compliance with federal reporting requirements, and provides statewide statistical information. The Budget includes \$43.3 million (\$21.8 million General Fund) in contract-related costs for system maintenance and operations support, \$1.2 million above the 1998-99 level, to continue these services while a follow-on maintenance and operations vendor is procured.

**Statewide Fingerprint Imaging System (SFIS).** The SFIS will detect and reduce multiple case fraud in the CalWORKs and Food Stamp programs, and thus, will result in CalWORKs savings and cost avoidance. The Budget includes \$10.8 million (\$5.4 million General Fund) for system development and implementation.

**Electronic Benefit Transfer (EBT).** The EBT will provide a system to deliver public benefits to eligible recipients through electronic funds transfer, automated teller machines, and point-of-sale terminals in retail outlets for the delivery and control of public assistance benefits. Federal welfare reform requires states to implement EBT to deliver Food Stamp benefits by October 1, 2002. Counties are also permitted to use EBT to deliver CalWORKs benefits. When operational, all Food Stamp and CalWORKs recipients will be able to access their benefits via ATM-like cards, in lieu of monthly checks or Food Stamp coupons. Currently, San Diego and San Bernardino counties have operational EBT programs. The Budget contains \$3.7 million (\$1.8 million General Fund) in 1999-00 to complete EBT development activities.

**California Child Support Automation (CCSA).** As required by the federal Family Support Act of 1988 and the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the State and the county district attorneys undertook the development of a Statewide Automated Child Support System (SACSS). By 1997, 18 counties had converted from manual processing of child support cases or from their own automated systems to the new, federally required system, but the contract for SACSS was terminated in November 1997 after that system failed to operate successfully.

A replacement strategy for child support automation was developed in conjunction with the Legislature, district attorneys, the Department of Social Services, and the Health and Welfare Agency Data Center. The objective of the new system, CCSA, is to achieve conformity with federal law.

The CCSA will enable district attorneys to locate absent parents, share case information, enforce support orders, and collect monthly child support payments. The CCSA is an interim statewide automation system involving four separate county consortia. The Budget includes



\$31.4 million (\$9.6 million General Fund) for a vendor to link the four consortia systems with the Statewide Disbursement Unit and Statewide Case Registry, to transition non-SACSS counties to their selected consortia system, and for system maintenance. The longer-term goal is to achieve a more unified statewide system as envisioned in the federal Family Support Act.

## DEPARTMENT OF HEALTH SERVICES (DHS)

### Medi-Cal

Medi-Cal is California's entitlement program of health care for low-income individuals and families who receive public assistance or lack health care coverage. The Medi-Cal program provides a broad range of optional health services. The benefit package compares favorably to most employer-funded health plans and to Medicaid benefit packages in other states. At the same time, overall Medi-Cal spending per beneficiary is significantly lower than Medicaid spending in all other large states.

**1998-99 Expenditures.** For 1998-99, Medi-Cal expenditures are expected to be \$19.9 billion (\$7.4 billion General Fund), reflecting a General Fund increase of 9.5 percent over the prior year. Total expenditures include \$507 million (7.4 percent) above the 1998 Budget Act level. The multi-year decrease in the number of those eligible for Medi-Cal continues, albeit, at a slower pace than previously projected. The decrease is greatest for those eligible for public assistance (see Figure HHS-9).

**1999-00 Expenditures.** For 1999-00, Medi-Cal spending is projected to be \$20.9 billion (\$7.3 billion General Fund), representing a General Fund decrease of approximately \$69 million, or 0.9 percent below the revised 1998-99 Governor's Budget. Caseload is expected to continue to decrease in 1999-00 and the Budget reflects a decline in monthly eligibles

of more than 50,000, or 1.0 percent, to 4.96 million. Figure HHS-10 displays year-to-year comparisons of Medi-Cal caseload and costs.

Some programs, such as mental health services, in departments other than DHS, are also eligible for federal Medicaid reimbursement. The federal funding of these program costs is included in Medi-Cal expenditure totals, but state and local matching funds typically appear in the budgets for the other state agencies or local governments; consequently, nonfederal matching funds of \$1.6 billion for those programs are not included in Medi-Cal program costs.

**Fair Share of Federal Funding.** The Budget assumes a change in the federal medical assistance percentage (FMAP) paid to California based on California's population estimates, increasing the federal fund match from the previously anticipated 51.67 percent to 53.36 percent, effective October 1, 1999. This results in General Fund savings of \$210 million in 1999-00.

FIGURE HHS-9

Medi-Cal Eligibles: Cash Grant and All Others

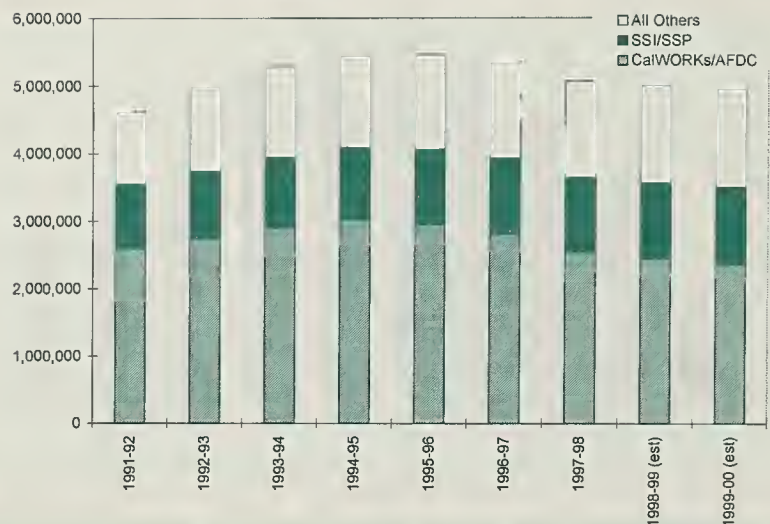
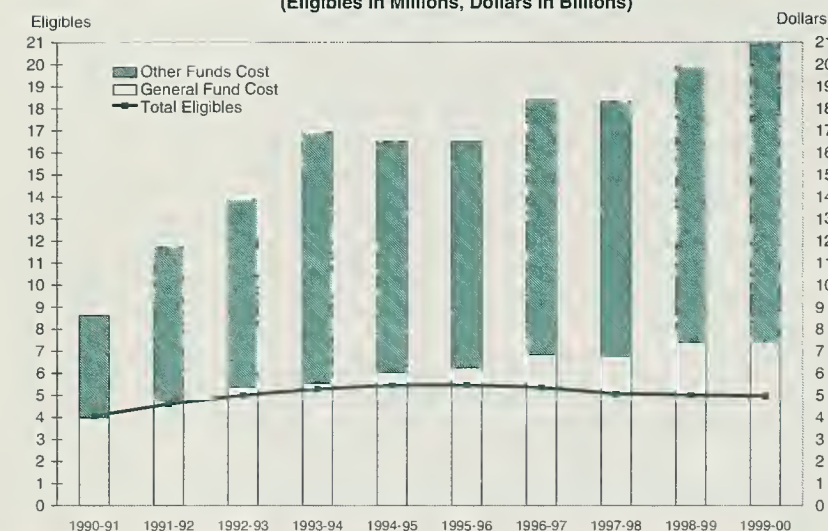




FIGURE HHS-10

**Medi-Cal Caseload and Costs,  
1990-91 through 1999-00**  
(Eligibles in Millions, Dollars in Billions)



Note: Local Assistance funds: 1998-99 and 1999-00 are estimated. The Other Funds Cost category includes the effect of SB 855 intergovernmental transfers and county administrative activities federal recoveries.

FIGURE HHS-11

**Average Monthly Medi-Cal Eligibles as a  
Percentage of California Population**



The federal government uses U.S. Bureau of the Census estimates to determine state populations, although the Department of Finance's estimates for California have historically been more accurate. Between July 1991 and July 1996, California experienced heavy net out-migration to other states, which resulted in a significant reduction in state population growth. However, domestic out-migration reversed between July 1996 and July 1997 and has remained positive, as shown by the drivers' license address change data (current through November 1998) used in the Department's estimates. The Census Bureau relies solely on tax return information for its estimates of domestic migration. There is a considerable lag in the tax return data, which continue to show net out-migration.

As a result of using these less timely tax data, that do not reflect the reversal of the domestic out-migration trend, federal estimates significantly understate California's population. These federal estimates result in a lower FMAP and a commensurate reduction in federal funds provided to California. The Administration will work with the federal government to secure an appropriate increase in federal funding.

**Caseload.** Currently, about five million people—just over one in seven Californians—qualify for Medi-Cal in any given month (see Figure HHS-11). The number of people eligible for Medi-Cal in 1998-99 is now estimated to be about 1 percent below the 1997-98 level. A further decline of 1 percent to 4.96 million eligibles is expected to occur in 1999-00. This overall 2 percent decrease compares to an expected 3.5 percent increase in the State's population for the same two-year period. The number of people made eligible for Medi-Cal through their eligibility for CalWORKs cash grants has been declining since 1995. These eligibles represent about one-half of all Medi-Cal eligibles. The projected 1999-00 Medi-Cal public assistance caseload is 1.8 percent or 61,100 eligibles less than the 1998-99

caseload anticipated in the 1998 Budget Act. This small downward trend is expected to continue.

Although overall caseload is decreasing, the portion comprised of aged, blind, and disabled beneficiaries is growing nominally each year and is expected to increase to slightly more than 1.3 million beneficiaries by 1999-00. These beneficiaries represent 26.5 percent of all Medi-Cal eligibles.

Figure HHS-12 shows federal data from 1997 for the ten most populous states. By percentage of state population, California served about 16 percent of state residents, exceeded only by New York and Georgia. However, California also provided more optional benefits than any of the other ten large states and at one of the lowest average cost-per-recipient rates in the nation—\$2,695 per beneficiary, versus a national average of \$3,980 per beneficiary in federal fiscal year 1997.

**Benefits.** All states are federally required to provide specific basic medical services including physician, nurse practitioner, and nurse-midwife services; hospital inpatient and outpatient services; specified nursing home care; laboratory and X-ray services; home health care; and early and periodic screening, diagnosis, and treatment services for children until age 21.

In addition, federal funding is available at the regular sharing ratio for 34 optional services. These services include outpatient drugs, adult dental, optometry, hospice, chiropractic, and occupational therapy. All states provide some optional services, with California providing 32 of the optional services. Many states (including California) provide these optional services both for the categorically needy (receiving public assistance) and medically needy beneficiaries (not receiving public assistance, but still qualifying for Medi-Cal based on income and other eligibility factors).

**FIGURE HHS-12**

**Federal Medicaid Programs—Interstate Comparisons  
Ten Most Populous States**

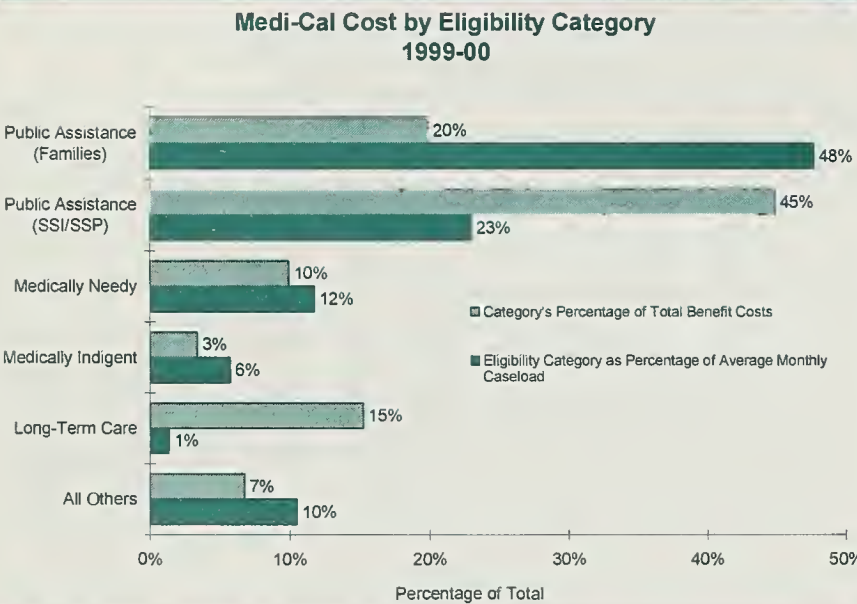
|              | Medicaid as a<br>Percentage of<br>State's Budget | Medicaid<br>Population as<br>a Percentage<br>of Total Population ** | Number of<br>Optional<br>Benefits** | Expenditures,<br>Total Funds* | Unduplicated<br>Annual<br>Eligibles* | Expenditures<br>Per Eligible | FMAP*<br>Percentage |
|--------------|--|---|-------------------------------------|-------------------------------|--------------------------------------|------------------------------|---------------------|
| All States   | 20.0   | 13.2  |                                     | \$160,290,429,997             | 40,277,543                           | \$3,980                      |                     |
| California   | 17.2   | 16  | 32                                  | 17,212,451,699                | 6,386,720                            | 2,695                        | 50.23               |
| Texas        | 25.0   | 13.4  | 23                                  | 9,499,542,091                 | 2,804,810                            | 3,387                        | 62.56               |
| New York     | 33.4   | 18.0  | 26                                  | 24,701,892,356                | 3,229,052                            | 7,650                        | 50.00               |
| Florida      | 15.7   | 11.4  | 17                                  | 6,270,107,569                 | 2,086,479                            | 3,005                        | 55.79               |
| Pennsylvania | 26.2   | 9.7   | 21                                  | 8,107,788,098                 | 1,725,452                            | 4,699                        | 52.85               |
| Illinois     | 23.7   | 12.3  | 20                                  | 6,581,270,346                 | 1,868,205                            | 3,523                        | 50.00               |
| Ohio         | 21.0   | 13.2  | 27                                  | 6,450,716,237                 | 1,490,994                            | 4,326                        | 59.28               |
| Michigan     | 18.6   | 12.2  | 27                                  | 5,612,898,547                 | 1,365,795                            | 4,110                        | 55.20               |
| New Jersey   | 23.2   | 8.9   | 28                                  | 5,443,595,866                 | 859,279                              | 6,335                        | 50.00               |
| Georgia      | 18.3   | 16.1  | 22                                  | 3,500,437,745                 | 1,237,616                            | 2,828                        | 61.52               |

\* Federal Fiscal Year 1997 sources: National Association of State Budget Officers and the federal Department of Health and Human Services, Health Care Financing Administration

\*\*Numbers of optional benefits and Medicaid population as a percentage of total are as of federal fiscal year 1996



FIGURE HHS-13

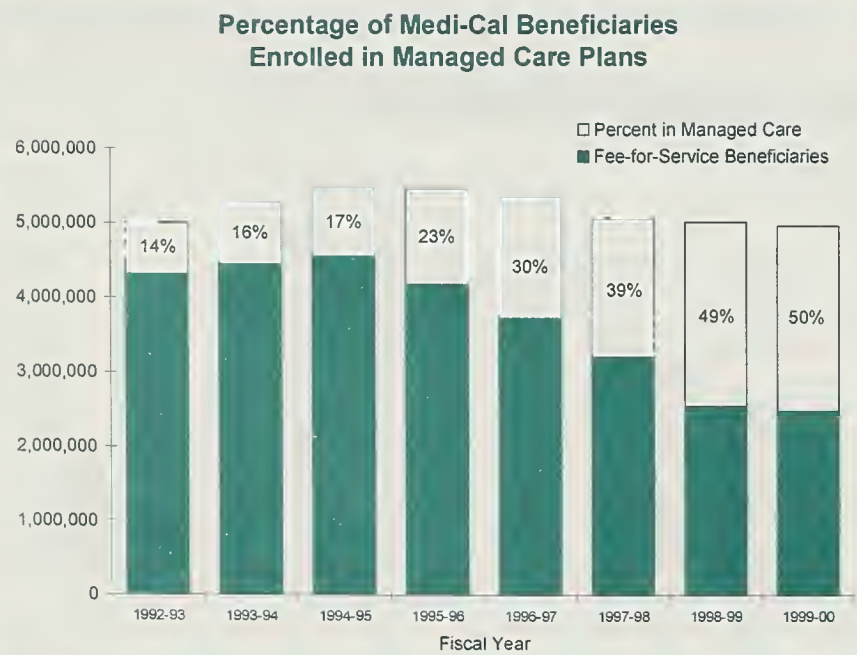


Medical costs vary considerably among the various categories of those eligible for Medi-Cal. For example, an individual receiving Medi-Cal as a result of CalWORKs eligibility will use services valued at about \$110 per month in 1999-00, whereas a disabled person in long-term care will use about \$4,800 in benefits per month. These differences in costs are illustrated in Figure HHS-13.

**Managed Care.** Currently, nearly 2.5 million Medi-Cal beneficiaries are enrolled in managed care plans. A \$1.9 million outreach campaign is planned for 1999-00 to assist Medi-Cal eligibles select managed care plans and providers. Full implementation of managed care is anticipated by June 30, 1999 (see Figure HHS-14).

Managed care includes three major health care delivery systems: the two-plan model, Geographic Managed Care (GMC), and County Organized Health Systems (COHS).

FIGURE HHS-14



Just over 70 percent of Medi-Cal managed care beneficiaries are enrolled in the two-plan model, first implemented in January 1996. Twelve counties were initially selected to offer beneficiaries a choice between two managed care plans. Each two-plan model county offers the choice between a commercial plan selected through a competitive bidding process or the county-sponsored "local initiative." The commercial plan consists mainly of providers serving privately insured individuals. The local initiatives consist largely of providers who have traditionally served the Medi-Cal population. The model assures continued participation by the "traditional" providers and maximizes the types of providers caring for beneficiaries. At full enrollment, approximately 1.8 million beneficiaries will be enrolled in a plan in a two-plan model county.

The GMC model allows the State to contract with multiple managed care plans in a single county. The first GMC system was implemented in Sacramento in 1994. A second GMC system began operation in San Diego County in 1998-99. The third model, the COHS,



administers a prepaid, comprehensive case-managed health care delivery system. This system provides utilization controls, claims administration, and health care services to all Medi-Cal beneficiaries residing in the county. Five COHS's serving six counties are currently in operation.

### *Medi-Cal Program Changes*

**New Qualified Nonexempt Immigrants.** A category of legal immigrants federally defined as "qualified nonexempt" persons who arrive in the United States on or after August 22, 1996, are now treated differently under Medicaid law than they were before passage of welfare reform. For the first five years residing in this country, the federal government will not participate in the costs of providing nonemergency services to these individuals. This federal law change results in a \$25.3 million decrease in federal financial participation for immigrant health care in 1998-99 and a \$36.6 million decrease in 1999-00. This shift from federal funding to the General Fund will grow to about \$57 million annually by the year 2001-02.

**Prenatal and Long-Term Care Services for Undocumented Persons.** California law has provided state-only funded programs for prenatal and long-term care for undocumented persons since 1987. While federal law requires the provision of Medi-Cal emergency services for undocumented persons, since August 1996, federal law has prohibited means-tested public benefits programs, including California's prenatal and long-term care programs, without subsequent state law change. After 1996, the prior Administration proposed to eliminate funding for these services through implementation of state regulations. A number of lawsuits have been filed against the State with regard to these regulations.

In the case of *Clementina Doe v. Wilson*, the United States District Court, Northern District, granted the State's motion and dismissed the complaint, based on the Tenth Amendment,

against implementation of the state regulations. The plaintiffs have appealed to the Ninth Circuit Court, which has yet to schedule a hearing on this appeal. In the case of *Yvette Doe v. Belshé*, originally heard in Alameda County Superior Court, the issues are whether the regulations violate the Welfare and Institutions Code section providing the state program and whether the regulations were implemented consistent with the State's Administrative Procedures Act. This case is scheduled to be heard before the Court of Appeals on January 21, 1999. In the case of *Milagro Doe v. DHS*, the Los Angeles County Superior Court has granted the plaintiff's motion for a temporary restraining order enjoining regulation implementation. A trial setting conference has been scheduled for February 2, 1999. In the case of *Krespin v. Kizer*, the Department of Health Services has appealed denial of a motion to dissolve a permanent injunction requiring the provision of long-term care services to undocumented persons. The Department has appealed the court's decision and is preparing its appellate brief.

Given that implementation of state regulations eliminating these services is delayed until this litigation is resolved, the Budget includes full funding for both programs in 1998-99 and 1999-00.

**Contract Pharmaceuticals.** Currently, prescription drugs for Medi-Cal fee-for-service beneficiaries are provided through a contracting process with the pharmaceutical manufacturers. Approved drugs are placed on a "contract drug list" and are made available to beneficiaries without prior authorization. Included in the contracting process are negotiated manufacturer rebates paid to the State in addition to rebates required under federal law. The statute enabling this system of contract drugs and rebates will expire January 1, 2000. In the absence of a new law extending or eliminating the sunset for the current system, the State will return to a cumbersome system of adding and deleting available medications through regulation, an undesirable outcome for both the pharmaceutical companies and the

State. The Budget assumes continuation of the existing contract system and proposed legislation extending the sunset of this program.

**Funding for Ancillary Services Provided in Institutions for Mental Disease (IMD).** The 1999-00 Governor's Budget includes \$44 million General Fund to repay the federal government for an audit exception resulting from billing for ineligible ancillary services provided to individuals in IMDs. Ancillary services in IMDs are not eligible for federal funding, and in the absence of state law specifically authorizing a state-funded program for such services, are also ineligible for state funding. Even though the Budget provides this one-time funding to mitigate the impact of this audit exception on local government, the responsibility for funding these services was included in the realignment of mental health programs from the state to local governments in 1991-92. Therefore, no state or federal funding for these services is included in the 1999-00 Budget.

## CALIFORNIA CHILDREN AND FAMILIES FIRST COMMISSION (COMMISSION)

Proposition 10, an initiative adopted by the voters on the November 1998 ballot, established the Commission which consists of three members appointed by the Governor and two each appointed by the Speaker of the Assembly and the Senate Rules Committee. The Commission is responsible for implementation of a comprehensive, collaborative, and integrated system of information and services to promote, support, and improve early childhood development from the prenatal stage to five years of age. The Governor, through his appointees to the Commission, will emphasize the importance of health care and preschool reading programs to children in the developmental stage between birth and age five.

The initiative prohibits supplantation of existing funding and emphasizes the establishment of community-based programs that are integrated and comprehensive. However, Proposition 10 provides an opportunity for California, with the state Commission and county commissions working in collaboration, to use Proposition 10 funds to match available federal funds. For example, should county commissions choose to provide health care coverage for children from birth to age five, in families with incomes above 200 percent of the federal poverty level, Proposition 10 funds could be matched to available federal Title XXI funds through an expansion of the Healthy Families Program. That Program, which provides health care insurance for children in families with incomes up to 200 percent of the federal poverty level, could be expanded to serve children in families with incomes at higher levels in participating counties. By doing this, county commissions could leverage nearly \$2 of federal funding for each \$1 of county funding.

In addition, Proposition 10 funds can be targeted to new preschool reading programs designed to provide young children with cultural enrichment

FIGURE HHS-15

### California Children and Families First Act of 1998 Estimated Tobacco Tax Allocations (Dollars In Millions)

|   | 1998-99 | 1999-00 |
|---|---------|---------|
| Total Revenues                                  | \$373.0 | \$684.0 |
| Less:   |         |         |
| Board of Equalization Tax Collection Costs      | 0.6     | 0.7     |
| Proposition 99 and Breast Cancer Funding Offset | --      | 11.8    |
| Net Revenues                                    | \$372.4 | \$671.5 |
| County Allocation (80 percent)                  | 298.0   | 537.2   |
| State Commission Allocation (20 percent)        | 74.4    | 134.3   |
| Mass Media Communications (6 percent)           | 22.3    | 40.3    |
| Education (5 percent)                           | 18.6    | 33.5    |
| Child Care (3 percent)                          | 11.2    | 20.2    |
| Research and Development (3 percent)            | 11.2    | 20.2    |
| Unallocated (2 percent)                         | 7.4     | 13.4    |
| Administration (1 percent)                      | 3.7     | 6.7     |

and the essential tools for personal growth and educational success. The effective use of these moneys by the state and county commissions for health, education, and social services will help to enhance optimal early childhood development.

The initiative, through its cigarette and other tobacco product taxes currently is projected to generate \$373 million in 1998-99 and \$684 million in 1999-00. These estimates are down from earlier estimates because of the impact of higher cigarette prices following the National Tobacco Settlement. Proposition 10 provides for the backfill of the loss of Proposition 99 tobacco tax revenues for health education and research programs and breast cancer programs due to the decreased consumption of tobacco products resulting from the initiative's increased taxes. The initiative provides that 20 percent of the available funds be allocated to the state Commission for programs indicated in Figure HHS-15. The initiative also provides that the remaining 80 percent be allocated to county commissions for early childhood development programs including, but not limited to, health care, child care, education, domestic violence prevention, maternal nutrition, and child abuse prevention.

## DEPARTMENT OF HEALTH SERVICES (DHS)

### Public Health

**HIV/AIDS Program Expansion.** The DHS provides drug treatment through the AIDS Drug Assistance Program (ADAP), education and prevention programs, epidemiological studies, no-cost HIV testing, early intervention, housing assistance, short-term insurance coverage, and planning and technical assistance. The 1999-00 Governor's Budget provides \$235.5 million (\$101.7 million General Fund) for these activities, an increase of \$14.6 million above the revised 1998-99 Budget. This increase, mainly for rising ADAP demand and drug costs, consists of

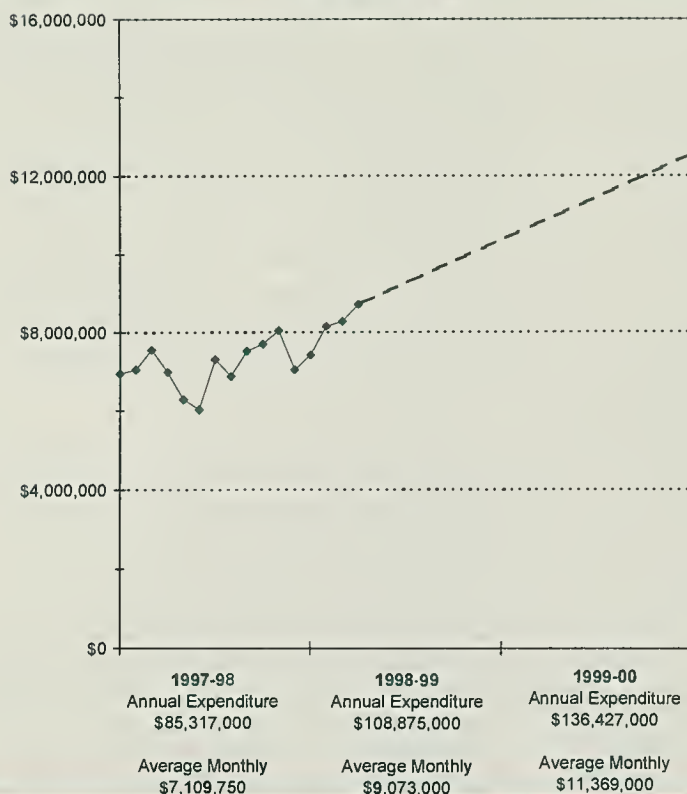
\$18.7 million in available federal funds and drug manufacturer rebates offset by a savings of \$4.1 million General Fund (see Figure HHS-16).

### Childhood Lead Poisoning Prevention Program.

In a continuing effort to protect California's children from the adverse effects of lead poisoning, the Budget provides \$16.4 million for preventive screening and case management services. The resources will be used to screen approximately 200,000 children, of whom approximately 4,000 children will be detected with severely elevated blood lead levels.

FIGURE HHS-16

### AIDS Drug Assistance Program (ADAP) Annual and Average Monthly Expenditures





**Emerging Infectious Disease and Food Safety Control and Prevention.** The Budget provides \$2.3 million General Fund to continue the development of state infrastructure for investigating and surveying infectious diseases and enhancing food safety. These expenditures will protect the public health and foster continued economic prosperity for California's vital agricultural and food industries. Moreover, the program helps reduce the incidence of new, reemerging, or drug-resistant infections in California.

**Office of Border Health.** To protect the public health, the Budget increases funding for the Office of Border Health by \$500,000 General Fund. These additional resources will allow coordinated cross-border investigation and surveillance of infectious disease, such as drug-resistant tuberculosis, and properly address food borne illness issues.

**Breast Cancer Early Detection Program.** The Budget includes \$27.9 million to fund anticipated program demand for the Breast Cancer Early Detection Program. The program estimates 191,500 women will seek the screening, mammography, clinical examination, and diagnoses services offered to low-income, uninsured women. These services will be supported through a combination of available Breast Cancer Control Account (\$14.4 million) and Cigarette and Tobacco Products Surtax Fund (CTPSF) (\$13.5 million) resources.

In addition, reduced demand for services in 1998-99 eliminates the need for \$4.2 million in CTPSF resources appropriated for the program pursuant to Chapter 1018, Statutes of 1998. Accordingly, the Budget reallocates these resources within the proposed Proposition 99 expenditure plan to minimize related program reductions that are needed to align expenditures with available resources.

**Cancer Research Program.** The Budget reflects continuation of the discretionary \$25 million General Fund for ovarian and prostate cancer

research to ensure that health care research services are responsive to the unique needs of Californians. These funds continue to be spent for researching the causes, prevention, early detection, diagnosis, and treatment of these gender-specific cancers which are among the leading causes of death in California.

**Domestic Violence Prevention Program.**

Demonstrating the Administration's support for women, the Budget maintains \$18.5 million General Fund for the Battered Women's Shelter Program. This program dramatically increases access to housing and other shelter-based services for the victims of domestic violence. Additionally, the Budget continues \$2.5 million General Fund for local community domestic violence intervention projects.

**Tuberculosis Control.** To protect the public from exposure to tuberculosis (TB), the Budget continues to fund the TB Control Program. For 1999-00, the program includes \$2.9 million General Fund to house patients who are unwilling to complete prescribed drug treatments or who are homeless and thus unable to complete their treatment. The program will prevent secondary TB infections and reduce inpatient hospital costs.

**Low-Level Radioactive Waste Disposal Program.** Federal law requires states to provide a low-level radioactive waste disposal site. Accordingly, the Budget commits \$1.2 million General Fund towards finding an acceptable solution for the development of a site in California, either at Ward Valley or elsewhere. The solution will be developed through a collaborative process, use the best available science, and comply with legal requirements.

**Child Health Programs.** The Child Health and Disability Prevention (CHDP) Program provides preventive health assessments and immunizations to low-income children. For 1999-00, CHDP caseload will increase 7.4 percent over 1998-99. The Budget includes \$27.6 million

General Fund and \$52.9 million from the CTPSF to support this caseload. The California Children's Services (CCS) Program provides medical services for children with serious medical conditions such as birth defects and chronic illnesses. The CCS caseload will increase three percent over 1998-99 and the Budget provides a total of \$41.8 million General Fund for this caseload. Further, the Budget designates \$5.6 million in base CHDP and CCS General Fund resources toward the federally required match for the newly implemented Healthy Families Program. The Genetically Handicapped Persons Program provides services similar to CCS for low-income adults. For 1999-00, caseload will decrease one percent below 1998-99. The Budget includes \$20.4 million General Fund for caseload and backlogged claims processing.

**Newborn Hearing Tests.** The Budget includes \$6.9 million (\$4 million General Fund) to provide newborn hearing tests to eligible Medi-Cal and CCS children. Services will be provided to approximately 116,000 newborns in 1999-00 and 392,000 annually upon full implementation. Current law requires hospitals to provide the service by 2001-02.

**Partnership for Responsible Parenting.** The Budget reflects the Administration's commitment to preventing out-of-wedlock and teenage pregnancy, and provides a total of \$35.7 million (\$32.9 million General Fund) for a media campaign, statutory rape prosecution, mentoring, and male responsibility components of the Partnership for Responsible Parenting. The following components comprise the partnership:

- ★ \$9.3 million General Fund to continue the media campaign, which educates Californians about the problems surrounding out-of-wedlock and teenage pregnancy and promotes the benefits of responsible parenting.

- ★ \$2.9 million General Fund for local grants in the Male Responsibility Program. These intervention project grants provide information, education, and counseling services to local communities concerning the positive role adolescent and young men can have in preventing teenage pregnancy.

- ★ \$8.4 million General Fund for the Prosecution of Statutory Rape program, which provides financial support for county district attorneys for vertical prosecution of statutory rape. Vertical prosecution entails the assignment of a single deputy district attorney to handle all phases of a criminal case.

- ★ \$15.1 million (\$12.3 million General Fund, including \$10 million Proposition 98) for mentoring programs in various state departments which provide services to at-risk youths. The programs are designed to assist at-risk youths to become productive members of society while reducing juvenile crime, teenage pregnancy, gang association, and the school dropout rate. Approximately 60,000 at-risk youths are currently on a waiting list for mentors.

**Proposition 99 Expenditure Plan.** Californians continue to use fewer tobacco products each year, in part as a result of the effectiveness of the Tobacco Tax and Health Protection Act of 1988 (Proposition 99). In addition to the historical decline in consumption, the Budget estimates that increased tobacco taxes enacted by the voters through Proposition 10 and higher wholesale prices imposed by the industry will diminish Proposition 99 tobacco tax revenues substantially to \$399 million in 1998-99 and \$390 million in 1999-00 (see Figure HHS-17 for a multi-year revenue comparison). As a result of the significant reduction in resources, the associated program reductions, and the major expansions of health care programs that have occurred since the inception of Proposition 99, the Governor has asked the Secretary of the state Health and Human Services Agency to work with



stakeholders to devise a plan for these programs considering the declining revenue sources. See the *Health Care: Investing in Our Future* section for further discussion of this issue.

Although prior year reserves are higher than projected, past year revenues and interest earnings are significantly lower than anticipated. Revised 1998-99 expenditures total \$539.4 million CTPSF. This expenditure level includes statutorily authorized carryover of prior year funds for specified programs. In order to align expenditures with available resources, the Budget proposes current year reductions to health programs funded with the CTPSF. The Budget reduces programs on a prorated basis, while continuing to fully fund the caseload-driven Major Risk Medical Insurance Program (MRMIP), Access for Infants and Mothers (AIM), and CHDP programs.

As indicated for 1999-00, estimated revenues will continue to decline to \$390 million, including a transfer from the California Children and Families First Fund (Proposition 10) to restore to the Health Education Account and Research Account revenues lost due to the imposition of new tobacco taxes pursuant to Proposition 10. Reduced resource availability and the elimination of one-time carryover funding will require reductions in health education, health care, and public resources programs, resulting in expenditures of approximately \$149.7 million less than 1998-99.

Based on a prorated allocation of available resources, the Budget proposes the following expenditures: \$81.8 million for anti-tobacco education programs, \$31 million for tobacco-related disease research, \$129.1 million to fully fund program demand for MRMIP, AIM, and CHDP, \$98.1 million for county health services (including the California Healthcare for Indigents Program, County Medical Services Program, Rural Health Services, and Managed Care Counties), \$13.5 million for the Breast Cancer Early Detection Program to meet program demand, \$12.2 million for other health programs (including the Rural Health Grants, Expanded Access to Primary Care, Comprehensive Perinatal Outreach, and Children's Hospitals programs), \$18.7 million for public resources programs, and \$5.4 million for state administration.

(See Figures HHS-18 through HHS-20 for Proposition 99 Revenue and Expenditure detail.)

**County Medical Services Program (CMSP).** The CMSP is a county-operated program that provides safety net health care to medically indigent adults in small rural counties. County funds primarily support the program, although the State has historically contributed \$20.2 million General Fund and an allocation from the CTPSF to assist counties in providing services. Due to the availability of substantial reserves in the local County Medical Services Program Account and demands for limited General Fund resources, the

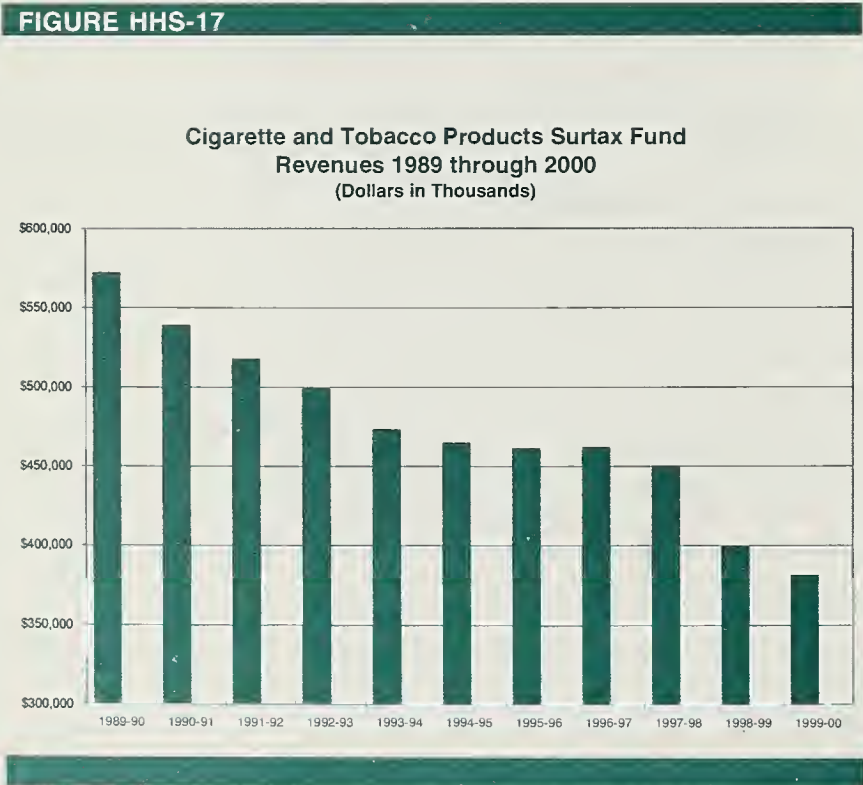




FIGURE HHS-18

Cigarette and Tobacco Products Surtax Fund  
Revenues and Expenditures - 1997-98 Actual  
(Dollars in Thousands)

| Revenues:                           | Board of<br>Equalization | Health<br>Education<br>Account | Hospital<br>Services<br>Account | Physicians'<br>Services<br>Account | Research<br>Account | Public<br>Resources<br>Account | Unallocated<br>Account | Total            |
|-------------------------------------|--------------------------|--------------------------------|---------------------------------|------------------------------------|---------------------|--------------------------------|------------------------|------------------|
| Beginning Balance                   | —                        | \$111,769                      | \$14,478                        | \$4,347                            | \$80,600            | \$7,788                        | \$32,882               | \$251,864        |
| Prior Year Adjustment               | —                        | 7,528                          | 7,236                           | 2,005                              | 1,428               | -2,663                         | 4,155                  | 19,689           |
| Revenues                            | \$1,263                  | 89,747                         | 157,058                         | 44,874                             | 22,437              | 22,437                         | 112,184                | 450,000          |
| Interest                            | —                        | 4,976                          | 273                             | 65                                 | 2,444               | 254                            | 1,556                  | 9,568            |
| <b>Total Revenues</b>               | <b>\$1,263</b>           | <b>\$214,020</b>               | <b>\$179,045</b>                | <b>\$51,291</b>                    | <b>\$106,909</b>    | <b>\$27,816</b>                | <b>\$150,777</b>       | <b>\$731,121</b> |
| <b>Transfers:</b>                   |                          |                                |                                 |                                    |                     |                                |                        |                  |
| Access for Infants and Mothers      | —                        | —                              | -19,315                         | -12,060                            | —                   | —                              | -\$5,675               | -\$37,050        |
| Major Risk Medical Insurance        | —                        | —                              | -18,000                         | -15,033                            | —                   | —                              | -6,967                 | -40,000          |
| Habitat Conservation Fund           | —                        | —                              | —                               | —                                  | —                   | —                              | -11,640                | -11,640          |
| <b>Total Transfers</b>              | <b>\$0</b>               | <b>\$0</b>                     | <b>-\$37,315</b>                | <b>-\$27,093</b>                   | <b>\$0</b>          | <b>\$0</b>                     | <b>-\$24,282</b>       | <b>-\$88,690</b> |
| <b>Net Resources</b>                | <b>\$1,263</b>           | <b>\$214,020</b>               | <b>\$141,730</b>                | <b>\$24,198</b>                    | <b>\$106,909</b>    | <b>\$27,816</b>                | <b>\$126,495</b>       | <b>\$642,431</b> |
| <b>Expenditures:</b>                |                          |                                |                                 |                                    |                     |                                |                        |                  |
| Department of Health Services       | —                        | \$94,039                       | \$127,521                       | \$19,741                           | \$3,446             | —                              | \$106,510              | \$351,257        |
| Department of Education             | —                        | 45,746                         | —                               | —                                  | —                   | —                              | —                      | 45,746           |
| University of California            | —                        | —                              | —                               | —                                  | 16,095              | —                              | —                      | 16,095           |
| California Conservation Corps       | —                        | —                              | —                               | —                                  | —                   | \$245                          | —                      | 245              |
| Forestry and Fire Protection        | —                        | —                              | —                               | —                                  | —                   | 325                            | —                      | 325              |
| Fish and Game                       | —                        | —                              | —                               | —                                  | —                   | 6,152                          | —                      | 6,152            |
| State Coastal Conservancy           | —                        | —                              | —                               | —                                  | —                   | 1                              | —                      | 1                |
| Parks and Recreation                | —                        | —                              | —                               | —                                  | —                   | 14,864                         | —                      | 14,864           |
| Water Resources Control Board       | —                        | —                              | —                               | —                                  | —                   | 669                            | —                      | 669              |
| Board of Equalization               | \$1,263                  | —                              | —                               | —                                  | —                   | —                              | —                      | 1,263            |
| Office of Statewide Health Planning | —                        | —                              | —                               | —                                  | —                   | —                              | 1,899                  | 1,899            |
| Direct Pro Rata Charges             | —                        | 857                            | 18                              | 5                                  | 40                  | —                              | 1                      | 921              |
| <b>Total Expenditures</b>           | <b>\$1,263</b>           | <b>\$140,642</b>               | <b>\$127,539</b>                | <b>\$19,746</b>                    | <b>\$19,581</b>     | <b>\$22,256</b>                | <b>\$108,410</b>       | <b>\$439,437</b> |
| <b>Reserve</b>                      | <b>\$0</b>               | <b>\$73,378</b>                | <b>\$14,191</b>                 | <b>\$4,452</b>                     | <b>\$87,328</b>     | <b>\$5,560</b>                 | <b>\$18,085</b>        | <b>\$202,994</b> |

FIGURE HHS-19

Cigarette and Tobacco Products Surtax Fund  
Revenues and Expenditures - 1998-99 Estimated  
(Dollars in Thousands)

| Revenues:                           | Board of<br>Equalization | Health<br>Education<br>Account | Hospital<br>Services<br>Account | Physicians'<br>Services<br>Account | Research<br>Account | Public<br>Resources<br>Account | Unallocated<br>Account | Total            |
|-------------------------------------|--------------------------|--------------------------------|---------------------------------|------------------------------------|---------------------|--------------------------------|------------------------|------------------|
| Beginning Balance                   | -                        | \$73,378                       | \$14,191                        | \$4,452                            | \$87,328            | \$5,560                        | \$18,085               | \$202,994        |
| Revenues                            | \$1,191                  | 88,763                         | 155,333                         | 44,381                             | 22,190              | 22,190                         | 110,952                | 445,000          |
| Proposition 10 Reductions           | -                        | -5,580                         | -9,765                          | -2,790                             | -1,395              | -1,395                         | -6,975                 | -27,900          |
| Price Increase Reductions           | -                        | -3,620                         | -6,325                          | -1,810                             | -905                | -905                           | -4,525                 | -18,100          |
| Interest                            | -                        | 2,211                          | 247                             | 59                                 | 531                 | 204                            | 866                    | 4,118            |
| <b>Total Revenues</b>               | <b>\$1,191</b>           | <b>\$155,152</b>               | <b>\$153,671</b>                | <b>\$44,292</b>                    | <b>\$107,749</b>    | <b>\$25,654</b>                | <b>\$118,403</b>       | <b>\$606,112</b> |
| <b>Transfers:</b>                   |                          |                                |                                 |                                    |                     |                                |                        |                  |
| Access for Infants and Mothers      | -                        | -                              | -\$17,349                       | -\$12,071                          | -                   | -                              | -\$2,938               | -\$32,358        |
| Major Risk Medical Insurance        | -                        | -                              | -18,000                         | -15,033                            | -                   | -                              | -6,967                 | -40,000          |
| Habitat Conservation Fund           | -                        | -                              | -                               | -                                  | -                   | -                              | -10,032                | -10,032          |
| <b>Total Transfers</b>              | <b>\$0</b>               | <b>\$0</b>                     | <b>-\$35,349</b>                | <b>-\$27,104</b>                   | <b>\$0</b>          | <b>\$0</b>                     | <b>-\$19,937</b>       | <b>-\$82,390</b> |
| <b>Net Resources</b>                | <b>\$1,191</b>           | <b>\$155,152</b>               | <b>\$118,322</b>                | <b>\$17,188</b>                    | <b>\$107,749</b>    | <b>\$25,654</b>                | <b>\$98,466</b>        | <b>\$523,722</b> |
| <b>Expenditures:</b>                |                          |                                |                                 |                                    |                     |                                |                        |                  |
| Department of Health Services       | -                        | \$85,969                       | \$118,294                       | \$17,182                           | \$3,795             | -                              | \$96,531               | \$321,771        |
| Department of Education             | -                        | 33,311                         | -                               | -                                  | -                   | -                              | -                      | 33,311           |
| University of California            | -                        | -                              | -                               | -                                  | 84,431              | -                              | -                      | 84,431           |
| California Conservation Corps       | -                        | -                              | -                               | -                                  | -                   | \$249                          | -                      | 249              |
| Department of Conservation          | -                        | -                              | -                               | -                                  | -                   | 2,000                          | -                      | 2,000            |
| Forestry and Fire Protection        | -                        | -                              | -                               | -                                  | -                   | 335                            | -                      | 335              |
| Fish and Game                       | -                        | -                              | -                               | -                                  | -                   | 6,594                          | -                      | 6,594            |
| State Coastal Conservancy           | -                        | -                              | -                               | -                                  | -                   | 95                             | -                      | 95               |
| Parks and Recreation                | -                        | -                              | -                               | -                                  | -                   | 13,299                         | -                      | 13,299           |
| Water Resources Control Board       | -                        | -                              | -                               | -                                  | -                   | 1,629                          | -                      | 1,629            |
| Board of Equalization               | \$1,191                  | -                              | -                               | -                                  | -                   | -                              | -                      | 1,191            |
| Office of Statewide Health Planning | -                        | -                              | -                               | -                                  | -                   | -                              | 1,837                  | 1,837            |
| Direct Pro Rata Charges             | 0                        | 1,284                          | 28                              | 6                                  | 81                  | -                              | 98                     | 1,497            |
| <b>Total Expenditures</b>           | <b>\$1,191</b>           | <b>\$120,564</b>               | <b>\$118,322</b>                | <b>\$17,188</b>                    | <b>\$88,307</b>     | <b>\$24,201</b>                | <b>\$98,466</b>        | <b>\$468,239</b> |
| <b>Reserve</b>                      | <b>\$0</b>               | <b>\$34,588</b>                | <b>\$0</b>                      | <b>\$0</b>                         | <b>\$19,442</b>     | <b>\$1,453</b>                 | <b>\$0</b>             | <b>\$55,483</b>  |

Budget proposes legislation to eliminate the \$20.2 million General Fund contribution for the program in 1999-00. The Administration will engage the CMSP Governing Board in discussions regarding sustaining a prudent reserve which will ensure the maintenance of this cost-effective program.

### MANAGED RISK MEDICAL INSURANCE BOARD (MRMIB)

**Healthy Families Program (HFP).** The HFP was established in MRMIB pursuant to Chapter 623, Statutes of 1997. The HFP provides a subsidized insurance program for children from low- to moderate-income families, who are not eligible for no-share-of-cost Medi-Cal, due to income limitations. The HFP provides low-cost health,

dental, and vision coverage to eligible children ages 1 to 19. The HFP began enrolling children July 1, 1998. Due to the newness of the program, the enrollment has been slower than previously projected and the 1998-99 Budget has been adjusted to reflect an estimated caseload of 138,000 children resulting in a decrease of \$37 million (\$12.6 million General Fund) from the 1998 Budget Act level.

The 1999-00 Governor's Budget proposes a total of \$199.4 million (\$67.5 million General Fund) for MRMIB to ensure provision of health care insurance coverage for children enrolled in HFP. Outreach efforts are continuing and enrollment, under the current eligibility criteria, is projected to increase by 166,000 children to

**FIGURE HHS-20**

#### Cigarette and Tobacco Products Surtax Fund Revenues and Expenditures - 1999-00 Estimated (Dollars in Thousands)

| Revenues:                           | Board of<br>Equalization | Health<br>Education<br>Account | Hospital<br>Services<br>Account | Physicians'<br>Services<br>Account | Research<br>Account | Public<br>Resources<br>Account | Unallocated<br>Account | Total            |
|-------------------------------------|--------------------------|--------------------------------|---------------------------------|------------------------------------|---------------------|--------------------------------|------------------------|------------------|
| Beginning Balance                   | —                        | \$34,588                       | —                               | —                                  | \$19,442            | \$1,453                        | —                      | \$55,483         |
| Revenues                            | \$1,211                  | 87,559                         | 153,226                         | 43,779                             | 21,889              | 21,889                         | 109,447                | 439,000          |
| Proposition 10 Reductions           | —                        | -2,740                         | -4,795                          | -1,370                             | -685                | -685                           | -3,425                 | -13,700          |
| Proposition 10 Backfill             | —                        | 6,950                          | —                               | —                                  | 1,738               | —                              | —                      | 8,688            |
| Price Increase Reductions           | —                        | -8,860                         | -15,505                         | -4,430                             | -2,215              | -2,215                         | -11,075                | -44,300          |
| Interest                            | —                        | 2,211                          | 247                             | 59                                 | 531                 | 204                            | 866                    | 4,118            |
| <b>Total Revenues</b>               | <b>\$1,211</b>           | <b>\$119,708</b>               | <b>\$133,173</b>                | <b>\$38,038</b>                    | <b>\$40,700</b>     | <b>\$20,646</b>                | <b>\$95,813</b>        | <b>\$449,289</b> |
| <b>Transfers:</b>                   |                          |                                |                                 |                                    |                     |                                |                        |                  |
| Access for Infants and Mothers      | —                        | —                              | -\$18,565                       | -\$12,893                          | —                   | —                              | -\$4,745               | -\$36,203        |
| Major Risk Medical Insurance        | —                        | —                              | -20,192                         | -15,295                            | —                   | —                              | -\$4,513               | -\$40,000        |
| Natural Resources Infra. Fund       | —                        | —                              | —                               | —                                  | —                   | -1,182                         | —                      | -1,182           |
| Habitat Conservation Fund           | —                        | —                              | —                               | —                                  | —                   | —                              | -9,580                 | -9,580           |
| <b>Total Transfers</b>              | <b>—</b>                 | <b>—</b>                       | <b>-\$38,757</b>                | <b>-\$28,188</b>                   | <b>—</b>            | <b>-\$1,182</b>                | <b>-\$18,838</b>       | <b>-\$86,965</b> |
| <b>Net Resources</b>                | <b>\$1,211</b>           | <b>\$119,708</b>               | <b>\$94,416</b>                 | <b>\$9,850</b>                     | <b>\$40,700</b>     | <b>\$19,464</b>                | <b>\$76,975</b>        | <b>\$362,324</b> |
| <b>Expenditures:</b>                |                          |                                |                                 |                                    |                     |                                |                        |                  |
| Department of Health Services       | —                        | \$55,873                       | \$92,504                        | \$9,647                            | \$3,738             | —                              | \$73,614               | \$235,376        |
| Department of Education             | —                        | 26,910                         | —                               | —                                  | —                   | —                              | —                      | 26,910           |
| University of California            | —                        | —                              | —                               | —                                  | 28,991              | —                              | —                      | 28,991           |
| California Conservation Corps       | —                        | —                              | —                               | —                                  | —                   | \$250                          | —                      | 250              |
| Forestry and Fire Protection        | —                        | —                              | —                               | —                                  | —                   | 349                            | —                      | 349              |
| Fish and Game                       | —                        | —                              | —                               | —                                  | —                   | 3,184                          | —                      | 3,184            |
| State Coastal Conservancy           | —                        | —                              | —                               | —                                  | —                   | 1,320                          | —                      | 1,320            |
| Parks and Recreation                | —                        | —                              | —                               | —                                  | —                   | 12,004                         | —                      | 12,004           |
| Water Resources Control Board       | —                        | —                              | —                               | —                                  | —                   | 1,628                          | —                      | 1,628            |
| Board of Equalization               | \$1,211                  | —                              | —                               | —                                  | —                   | —                              | —                      | 1,211            |
| Office of Statewide Health Planning | —                        | —                              | —                               | —                                  | —                   | —                              | 1,736                  | 1,736            |
| Direct Pro Rata Charges             | —                        | 1,551                          | 24                              | 6                                  | 159                 | —                              | 82                     | 1,822            |
| <b>Total Expenditures</b>           | <b>\$1,211</b>           | <b>\$84,334</b>                | <b>\$92,528</b>                 | <b>\$9,653</b>                     | <b>\$32,888</b>     | <b>\$18,735</b>                | <b>\$75,432</b>        | <b>\$314,781</b> |
| <b>Reserve</b>                      | <b>—</b>                 | <b>\$35,374</b>                | <b>\$1,888</b>                  | <b>\$197</b>                       | <b>\$7,812</b>      | <b>\$729</b>                   | <b>\$1,543</b>         | <b>\$47,543</b>  |

304,000 children in 1999-00. The proposed expansion of HFP as a result of extending Medical income deductions will increase enrollment by 17,500 children in 1999-00. See the *Health Care: Investing in Our Future* section for further discussion of this issue. Figure HHS-21 displays the program costs (Local Assistance and State Support) by department.

**Access for Infants and Mothers (AIM) Program.** The Budget includes an increase of \$3.4 million, for a total of \$37.4 million from the Cigarette and Tobacco Products Surtax Fund for this program. Total funding will serve an average of 330 new women per month and provide a prudent reserve to support fluctuations in enrollment in the AIM

program. This program provides health insurance coverage to women during pregnancy and 60 days postpartum, and covers their infants up to two years of age.

### DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS (DADP)

**Federal Grant Increase.** The Substance Abuse Mental Health Services Administration has increased funding available to the states for substance abuse prevention and treatment. Thus, the Governor's Budget includes an increase of \$26.3 million in 1998-99 and \$35.1 million in 1999-00 from the Substance Abuse Prevention and Treatment Block Grant. These funds will

| FIGURE HHS-21  |                  |                 |                  |                  |
|--|------------------|-----------------|------------------|------------------|
| Healthy Families Program (HFP)<br>and Related Expenditures<br>(Dollars in Thousands) |                  |                 |                  |                  |
|  | 1998-99          |                 | 1999-00          |                  |
|  | Total<br>Funds   | General<br>Fund | Total<br>Funds   | General<br>Fund  |
| <b>Managed Risk Medical Insurance Board (MRMIB):</b>                                 |                  |                 |                  |                  |
| Support (HFP)  | \$2,495          | \$855           | \$2,797          | \$1,131          |
| Local Assistance (HFP)   | 62,557           | 21,251          | 199,413          | 67,502           |
| Proposed Expansion - Income Deductions   | --               | --              | 7,700            | 2,700            |
| <b>Total MRMIB HFP</b>   | <b>\$65,052</b>  | <b>\$22,106</b> | <b>\$209,910</b> | <b>\$71,333</b>  |
| <b>Department of Health Services (DHS):</b>  |                  |                 |                  |                  |
| Support  | \$1,358          | \$463           | \$1,137          | \$387            |
| Local Assistance   |                  |                 |                  |                  |
| Eligibility Expansion  | 33,624           | 12,623          | 48,208           | 17,546           |
| Outreach   | 11,550           | 4,621           | 18,576           | 8,125            |
| <b>Total Local Assistance</b>  | <b>\$45,174</b>  | <b>\$17,244</b> | <b>\$66,784</b>  | <b>\$25,671</b>  |
| <b>Total DHS</b>   | <b>\$46,532</b>  | <b>\$17,707</b> | <b>\$67,921</b>  | <b>\$26,058</b>  |
| <b>Total DHS and MRMIB HFP</b>   | <b>\$111,584</b> | <b>\$39,813</b> | <b>\$277,831</b> | <b>\$97,391</b>  |
| <b>Other Programs:</b>   |                  |                 |                  |                  |
| Department of Mental Health  | \$4,797          | \$0             | \$17,275         | \$0              |
| Child Health and Disability Prevention   | 5,719            | 1,943           | 6,863            | 2,324            |
| Access for Infants and Mothers   | 4,692            | 1,593           | 4,951            | 1,681            |
| California Children's Services   | 4,755            | 973             | 16,125           | 3,285            |
| <b>Total Other</b>   | <b>\$19,963</b>  | <b>\$4,509</b>  | <b>\$45,214</b>  | <b>\$7,290</b>   |
| <b>Total HFP Related Expenditures</b>  | <b>\$131,547</b> | <b>\$44,322</b> | <b>\$323,045</b> | <b>\$104,681</b> |



provide increased services for youths and pregnant and parenting women in an effort to meet the needs of underserved populations. Due to the increase in federal funding and the need to close the gap between projected General Fund revenues and expenditures, the \$5 million General Fund appropriated in 1998-99 for youth treatment services, but not yet allocated to counties, is proposed for reversion in the 1999 Budget Bill as these services can be provided using federal funds.

**Mentoring At-Risk Youths.** The Budget reflects the continuation of \$15.1 million for various state agencies involved in the Mentoring Program. The programs are designed to assist at-risk youths to become productive members of society while reducing juvenile crime, teen pregnancy, gang association, and the school dropout rate. The DADP will continue to allocate \$1.1 million in federal funding to counties to provide approximately 1,500 mentors to be matched with 2,200 youths.

## DEPARTMENT OF MENTAL HEALTH (DMH)

**State Hospital Population.** The 1999-00 year-end population for judicially committed, Penal Code, and sexually violent predator (SVP) commitments to the state hospitals is estimated to be 2,949, an increase of 246 above the 1998-99 revised population. The Budget includes \$10.8 million General Fund (half-year funding) for this increase in population. The Budget is based on the assumption that the SVP population will increase by 96 patients, to a total of 424 commitments by June 30, 2000. The number of Lanterman-Petris-Short beds to be purchased by the counties will be 900, a decrease of 84 from the 1998-99 purchase level. The Budget reflects a reduction of \$5.8 million in county reimbursements to the state hospitals, consistent with this decrease in population. Due to the transition of 115 forensic patients from Napa State Hospital to Department of Developmental Services (DDS) facilities during the last quarter of 1999-00, the

Budget is being reduced by \$5.4 million in reimbursements from DDS.

The 1998 Budget Act included funding based on a projected level of 404 SVP commitments. However, as commitment proceedings have been slower than anticipated, only 328 SVP commitments will be made by June 30, 1999. Consequently, \$5 million General Fund which was appropriated in 1998-99 for this population is proposed for reversion in the 1999 Budget Bill.

**Capital Outlay.** The Governor's Budget also includes a \$16 million set-aside for the continuation of pre-construction phases for the development of a facility to house the SVP population, which is expected to exceed 1,500 by June 30, 2008. The 1998 Budget Act included \$5.4 million for site selection and schematic drawings for the facility.

**Mental Health Managed Care Program.** Chapter 633, Statutes of 1994, established the Mental Health Managed Care Program and transferred responsibility for the provision of Medi-Cal psychiatric inpatient care from the Department of Health Services to DMH. The Budget provides \$144.7 million General Fund for inpatient psychiatric services provided through the Managed Care Program, an increase of \$4.8 million above the revised 1998-99 level.

In accordance with Chapter 197, Statutes of 1996, the transfer of responsibility and funding for the Medi-Cal fee-for-service specialty mental health services was completed on October 1, 1997. County mental health departments, functioning as managed care plans, are now responsible for mental health treatment provided by psychiatrists, psychologists, outpatient clinics, outpatient hospitals, and nursing facilities. The 1999-00 Budget provides \$27 million General Fund, a \$0.2 million reduction from the 1998-99 level due to a decrease in Medi-Cal eligible clients, for the specialty mental health services provided through the Managed Care Program.

**Supportive Housing.** Of the homeless population in the State, it is estimated that 50 percent have disabilities, mental illness or health problems. The DMH provides a program for the homeless mentally ill through the Projects for Assistance in Transition from Homelessness federal grant (\$2.4 million). The Budget provides a \$1 million General Fund augmentation to expand services and encourage collaborative partnerships among local agencies to develop additional supportive housing for CalWORKs recipients with special needs.

## DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS)

**Developmental Center Staffing Augmentations.** The Budget provides funding for the second year of a four-year plan to increase staffing levels and improve active treatment for developmental center clients. The four-year plan provides improved client services by increasing the number of physicians, nurses, therapists, and other direct care staff. In total, the four-year plan adds approximately 1,660 positions at a cost of approximately \$102 million. The 1999-00 augmentations include \$19.4 million (\$1.5 million General Fund) for the second year of the plan. Specifically, the Budget includes the following:

- ★ **Direct Care Staffing.** \$4.9 million and 364.1 positions to increase level-of-care nursing staff to meet existing staffing standards.
- ★ **Medical and Behavioral Services.** A net increase of \$3.3 million for contracts for occupational and physical therapy and speech pathology services, and a reduction of 27.2 positions to adjust level-of-care and non-level-of-care staffing standards for medical, behavioral, and allied services.
- ★ **Additional Staffing.** \$1.4 million and 60 positions to enhance staffing during meal periods to meet active treatment requirements as well as improve client nutrition and safety. The Budget also includes \$1.6 million

and 46 positions to adjust staffing standards for case management, quality assurance, health records and personnel support.

- ★ **Forensic Staffing.** \$1 million and 26.7 positions to provide additional security related to the housing of court-referred clients.
- ★ **Salary Savings Relief.** \$7.1 million to reduce the salary savings rate to three percent. This funding will enable the developmental centers to fill positions previously held vacant to meet the budgeted salary savings rate and provide client related operating expenses (food, clothing, medications, and specialized equipment).

**Developmental Center Population Adjustments.** The Budget also assumes a reduction of 176 clients during the 1999-00 fiscal year. This results in a reduction of \$13.2 million (\$1.8 million General Fund) and 189.5 positions.

**Regional Center Augmentations.** On October 1, 1998, the federal Health Care Financing Administration (HCFA) conditionally approved the Medicaid Home and Community Based Services (HCBS) Waiver for the regional centers at a level significantly less than anticipated in the 1998 Budget Act. This conditional approval resulted in a loss of \$24.1 million federal funds for services to developmentally disabled clients and required the General Fund to backfill the loss.

The Budget includes \$126.7 million General Fund for costs associated with increasing caseload, cost increases resulting from serving more severely disabled clients in the community, and a continued reduction in the number of eligible clients that may be claimed under the HCBS Waiver. The DDS continues to work with HCFA to meet the requirements so that all HCBS-eligible clients can receive federal reimbursement for services provided.

**Training Programs and Wage Increases.** The Budget provides \$22.7 million (\$6.4 million General Fund) for the second year of the two-year plan to provide training and competency tests for direct care staff of community care facilities and provide employee wage increases through a 10.3 percent facility rate increase. The direct care staff of these facilities are required to either pass a competency test or complete two training classes of 35 hours each, followed by a competency test, over a two-year period. The training and competency exams ensure higher quality services to clients in community care facilities.

**Fiscal Audits of Regional Centers.** The Budget includes \$441,000 General Fund and six positions to increase financial oversight of regional centers and the operation of the Medicaid HCBS Waiver.

### DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT (DCSD)

**California Mentor Program.** The 1999-00 Governor's Budget includes \$2 million (\$1 million General Fund and \$1 million federal funds) to continue the California Mentor Program in DCSD. The funds will be used to match mentors with approximately 4,000 of the 60,000 children on waiting lists. The Administration is committed to placing at-risk children with successful role models to assist these children to become responsible adults.

**Naturalization Assistance.** The DCSD was appropriated \$2 million General Fund in 1998-99 on a one-time basis to assist documented persons become naturalized citizens. The Budget includes a \$2 million General Fund augmentation to continue these naturalization services in 1999-00.

### CALIFORNIA DEPARTMENT OF AGING (CDA)

The Governor's Budget includes full-year expansion costs totaling \$22.4 million (\$16.3 million General Fund) for aging programs, an increase of \$7.7 million (\$4.7 million General Fund) over 1998-99 expenditures. In accordance with federal requirements, \$32.6 million local assistance funding (\$15.8 million General Fund) was transferred from the CDA to the Department of Health Services for the Multipurpose Senior Services Program (MSSP). This transfer reflects the federal Health Care Financing Administration's requirement that the MSSP payment process move from the CDA to the Medicaid fiscal intermediary, consistent with the process used for other Medicaid programs. The transfer includes an increase of \$6 million (\$2.8 million General Fund) for local assistance to reflect full-year expansion of the MSSP funded by Chapter 324, Statutes of 1998.

### DEPARTMENT OF REHABILITATION (DOR)

On September 11, 1998, because of limited funding, DOR stopped accepting new clients into the nonentitlement Vocational Rehabilitation Program (VRP) for 1998-99. Developmentally disabled clients, who have an entitlement to service under the Lanterman Act, were to be placed in the Habilitation Services Program (HSP), a state-only funded program, due to the closure of the VRP. A deficiency appropriation of \$15.5 million (\$3.3 million General Fund) was requested and provided to enable DOR to resume service to vocational rehabilitation clients. Similarly, \$1.2 million General Fund was made available for services to the developmentally disabled placed in HSP in 1998-99.

The Budget continues the \$1.2 million General Fund for HSP, provides \$14.6 million (\$3.1 million General Fund) for VRP caseload, and provides an additional increase of \$3.8 million (\$0.8 million General Fund) for VRP to serve an



additional 2,900 clients, fully expending all estimated available federal vocational rehabilitation funds.

The federal Health Care Financing Administration has indicated that federal reimbursement is available for services provided to 5,400 developmentally disabled clients included in the Department of Developmental Services Home and Community Based Services (HCBS) Waiver. The federal reimbursements are estimated to be \$10 million in 1998-99. Due to the increase in federal reimbursements and the need to close the gap between projected General Fund revenues and expenditures, the \$10 million General Fund appropriated in 1998-99 for these services, now to be federally reimbursed, is proposed for reversion in the 1999 Budget Bill. In order to maximize the federal waiver funds available, the Budget reflects an increase of \$21.3 million in HCBS Waiver reimbursements and a corresponding decrease of \$21.3 million General Fund.

### OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHDP)

**Cal-Mortgage Program.** The OSHDP is responsible for the administration of the Cal-Mortgage Loan Insurance Program whereby nonprofit health facilities can borrow funds from long-term lenders for facility construction, improvement, and expansion. The loan insurance guarantees are approved contingent upon assessment of both financial viability and community benefit. Defaults are paid from a reserve funded by the loan beneficiaries; however, if the loan reserve is insufficient, the General Fund becomes the ultimate guarantor.

A recent Bureau of State Audits report recommended improvements for determining financial viability and oversight which are needed in order to minimize risk to the General Fund. The Director of OSHDP is directed to review this Program within the next 90 days and to propose statutory or other programmatic changes as

needed to minimize the risk to the General Fund. Specifically, the Director will establish policies and guidelines to appropriately determine financial viability, to define the maximum level of risk that will be allowed, to ensure adequate oversight of loans, and to maintain a system to monitor and analyze financial information related to borrowers and their loans.

### EMERGENCY MEDICAL SERVICES AUTHORITY

**Disaster Medical Services.** The Governor's Budget includes a \$1.3 million General Fund augmentation to increase regional and statewide disaster medical coordination, provide grants to volunteer Disaster Medical Assistance Teams, and enhance the provision of field triage and medical treatment at disaster sites. This increase in funding will strengthen the State's ability to provide medical response during a disaster.

### STATE-LOCAL REALIGNMENT

State-Local Realignment restructured the state-county partnership in 1991-92 by giving counties increased responsibilities and funding for a number of health, mental health, and social services programs. Realignment also provided an ongoing revenue source for counties by establishing a new ½-cent sales tax and an increase in the motor vehicle license fee (VLF).

Total realignment revenues for 1998-99 are estimated to be \$2.9 billion (\$1.9 billion sales tax revenues and \$997 million VLF). The VLF amount includes \$135 million General Fund to backfill the reduction in VLF revenues resulting from the VLF tax relief beginning in 1998-99. A total of \$2.7 billion is estimated to be available to fund the realignment base budget. In comparison to 1997-98, an additional \$155 million is estimated to be available in 1998-99 to fund caseload growth plus growth for the equity, general growth, and County Medical Services subaccounts.

Total realignment revenues in 1999-00 are estimated to be \$3 billion (\$2 billion sales tax revenues and almost \$1.1 billion VLF). The VLF amount includes \$261 million General Fund to backfill for the reduction in VLF revenues resulting from tax relief beginning in 1998-99. Of the total amount, approximately \$2.9 billion is

estimated to be available in 1999-00 to fund the realignment base budget. In comparison to 1998-99, an additional \$153 million is estimated to be available to fund caseload growth plus growth for the equity, general growth, and County Medical Services subaccounts (see Figures HHS-22 through HHS-24).

**FIGURE HHS-22**

**State-Local Realignment  
1997-98 Estimated Revenues and Expenditures**  
(Dollars in Thousands)

| Amount   | Mental<br>Health | Health             | Social<br>Services | Totals             |
|--|------------------|--------------------|--------------------|--------------------|
| <b>Base Funding</b>                            |                  |                    |                    |                    |
| Sales Tax Account                              | \$781,103        | \$304,778          | \$604,875          | \$1,690,756        |
| Vehicle License Fee Account                    | 64,761           | 773,283            | 12,817             | 850,861            |
| <b>Total Base</b>                              | <b>\$845,864</b> | <b>\$1,078,061</b> | <b>\$617,692</b>   | <b>\$2,541,617</b> |
| <b>Growth Funding</b>                          |                  |                    |                    |                    |
| Sales Tax Growth Account:                      | \$10,921         | \$18,501           | \$69,307           | \$98,729           |
| Caseload Subaccount                            | —                | —                  | (67,846)           | (67,846)           |
| Indigent Health Equity Subaccount              | —                | (1,330)            | —                  | (1,330)            |
| Community Health Equity Subaccount             | —                | (3,257)            | —                  | (3,257)            |
| Mental Health Equity Subaccount                | (1,053)          | —                  | —                  | (1,053)            |
| State Hospital Mental Health Equity Subaccount | (1,869)          | —                  | —                  | (1,869)            |
| County Medical Services Subaccount             | —                | (3,976)            | —                  | (3,976)            |
| General Growth Subaccount                      | (7,302)          | (8,484)            | (1,461)            | (17,247)           |
| Special Equity Subaccount                      | (697)            | (1,454)            | —                  | (2,151)            |
| Vehicle License Fee Growth Account             | 28,644           | 48,525             | 3,831              | 81,000             |
| <b>Total Growth</b>                            | <b>\$39,565</b>  | <b>\$67,026</b>    | <b>\$73,138</b>    | <b>\$179,729</b>   |
| <b>Total Realignment<sup>1</sup></b>           | <b>\$885,429</b> | <b>\$1,145,087</b> | <b>\$690,830</b>   | <b>\$2,721,346</b> |

<sup>1</sup> Excludes \$14 million in Vehicle License Collection Account monies not derived from realignment revenue sources.

FIGURE HHS-23

**State-Local Realignment**  
**1998-99 Estimated Revenues and Expenditures**  
(Dollars in Thousands)

| Amount   | Mental Health    | Health             | Social Services  | Totals             |
|--|------------------|--------------------|------------------|--------------------|
| <b>Base Funding</b>                            |                  |                    |                  |                    |
| Sales Tax Account                              | \$792,024        | \$323,279          | \$674,182        | \$1,789,485        |
| Vehicle License Fee Account                    | 93,405           | 821,808            | 16,648           | 931,861            |
| <b>Total Base</b>                              | <b>\$885,429</b> | <b>\$1,145,087</b> | <b>\$690,830</b> | <b>\$2,721,346</b> |
| <b>Growth Funding</b>                          |                  |                    |                  |                    |
| Sales Tax Growth Account:                      | \$35,603         | \$48,950           | \$5,169          | \$89,722           |
| Indigent Health Equity Subaccount              | —                | (4,627)            | —                | (4,627)            |
| Community Health Equity Subaccount             | —                | (11,330)           | —                | (11,330)           |
| Mental Health Equity Subaccount                | (3,661)          | —                  | —                | (3,661)            |
| State Hospital Mental Health Equity Subaccount | (6,499)          | —                  | —                | (6,499)            |
| County Medical Services Subaccount             | —                | (3,613)            | —                | (3,613)            |
| General Growth Subaccount                      | (25,443)         | (29,380)           | (5,169)          | (59,992)           |
| Special Equity Subaccount                      | —                | —                  | —                | —                  |
| Vehicle License Fee Growth Account             | 26,035           | 35,793             | 3,779            | 65,607             |
| <b>Total Growth</b>                            | <b>\$61,638</b>  | <b>\$84,743</b>    | <b>\$8,948</b>   | <b>\$155,329</b>   |
| <b>Total Realignment <sup>1</sup></b>          | <b>\$947,067</b> | <b>\$1,229,830</b> | <b>\$699,778</b> | <b>\$2,876,675</b> |

<sup>1</sup> Excludes \$14 million in Vehicle License Collection Account monies not derived from realignment revenue sources. Includes \$135 million General Fund deemed to be vehicle license fee revenue, per Chapter 322, Statutes of 1998.

FIGURE HHS-24

**State-Local Realignment**  
**1999-00 Estimated Revenues and Expenditures**  
(Dollars in Thousands)

| Amount   | Mental Health      | Health             | Social Services  | Totals             |
|--|--------------------|--------------------|------------------|--------------------|
| <b>Base Funding</b>                            |                    |                    |                  |                    |
| Sales Tax Account                              | \$827,627          | \$372,229          | \$679,351        | \$1,879,207        |
| Vehicle License Fee Account                    | 119,440            | 857,601            | 20,427           | 997,468            |
| <b>Total Base</b>                              | <b>\$947,067</b>   | <b>\$1,229,830</b> | <b>\$699,778</b> | <b>\$2,876,675</b> |
| <b>Growth Funding</b>                          |                    |                    |                  |                    |
| Sales Tax Growth Account:                      | \$38,531           | \$52,975           | \$5,594          | \$97,100           |
| Indigent Health Equity Subaccount              | —                  | (5,007)            | —                | (5,007)            |
| Community Health Equity Subaccount             | —                  | (12,262)           | —                | (12,262)           |
| Mental Health Equity Subaccount                | (3,962)            | —                  | —                | (3,962)            |
| State Hospital Mental Health Equity Subaccount | (7,034)            | —                  | —                | (7,034)            |
| County Medical Services Subaccount             | —                  | (3,910)            | —                | (3,910)            |
| General Growth Subaccount                      | (27,535)           | (31,796)           | (5,594)          | (64,925)           |
| Special Equity Subaccount                      | —                  | —                  | —                | —                  |
| Vehicle License Fee Growth Account             | 22,178             | 30,491             | 3,220            | 55,889             |
| <b>Total Growth</b>                            | <b>\$60,709</b>    | <b>\$83,466</b>    | <b>\$8,814</b>   | <b>\$152,989</b>   |
| <b>Total Realignment <sup>1</sup></b>          | <b>\$1,007,776</b> | <b>\$1,313,296</b> | <b>\$708,592</b> | <b>\$3,029,664</b> |

<sup>1</sup> Excludes \$14 million in Vehicle License Collection Account monies not derived from realignment revenue sources. Includes \$261 million General Fund deemed to be vehicle license fee revenue, per Chapter 322, Statutes of 1998.





The 1999-00 Governor's Budget includes funding necessary to support the various programs within the Youth and Adult Correctional Agency, Department of Justice, Office of Criminal Justice Planning, Commission on Peace Officer Standards and Training, Office of the Inspector General, and the California Highway Patrol. This funding will grow to approximately \$6.7 billion and reflects a 3.3 percent increase over the revised 1998-99 budget. Highlights of the more notable funding changes included in the Budget for these programs are further described below.

## YOUTH AND ADULT CORRECTIONAL AGENCY

The Secretary of the Youth and Adult Correctional Agency is charged with responsibility for providing day-to-day policy direction and broad administrative guidance to the departments that deliver youth and adult detention services including the Department of Corrections, Board of Prison Terms, Department of the Youth Authority, Youthful Offender Parole Board, and the

Board of Corrections. The Secretary also provides oversight for the Narcotic Addict Evaluation Authority, and the Commission on Correctional Peace Officers' Standards and Training.

As shown in Figure PUB-1, funding for these programs will total approximately \$5 billion in 1999-00. This amount reflects a 3.5 percent increase over the revised 1998-99 Budget.

## DEPARTMENT OF CORRECTIONS

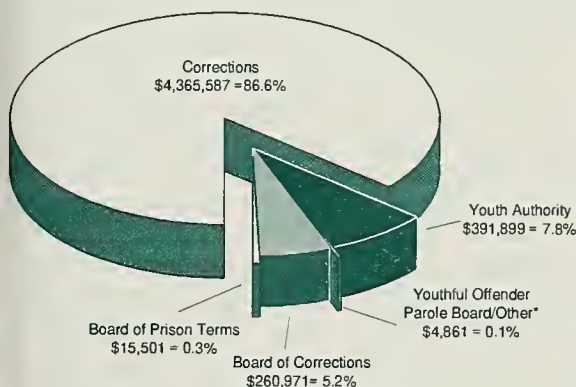
The Department of Corrections (CDC) is responsible for the incarceration of convicted felons and for the supervision of these felons after their release on parole. The CDC is committed to providing safe and secure detention facilities which protect society from further criminal activities, and to providing necessary support services to inmates, including feeding, clothing, academic and vocational training, and health care.

The CDC's inmate population is projected to increase from 164,419 on June 30, 1999, to 170,905 by June 30, 2000, an increase of 6,486 inmates, or 3.9 percent. The parole population is projected to increase from 114,574 on June 30, 1999, to 120,516 by June 30, 2000, an increase of 5,942 parolees, or 5.2 percent (see Figure PUB-2). The Budget proposes \$4.2 billion and 45,566 personnel years for state operations and local assistance programs to accommodate these expanding populations. This is an increase of \$127 million and 1,524 personnel years over the revised 1998-99 Budget. In 1999-00, incarceration and parole services will be provided through 33 institutions, 12 reception centers, 38 camps, 16 community correctional facilities, and 33 reentry centers.

California has an incarceration rate of 475 inmates per 100,000 population, compared to a nationwide rate of 445 inmates per 100,000, ranking it 10th among the 50 states. Figure PUB-3 compares California to the other nine most populous states. Although California has the largest inmate population in the United

FIGURE PUB-1

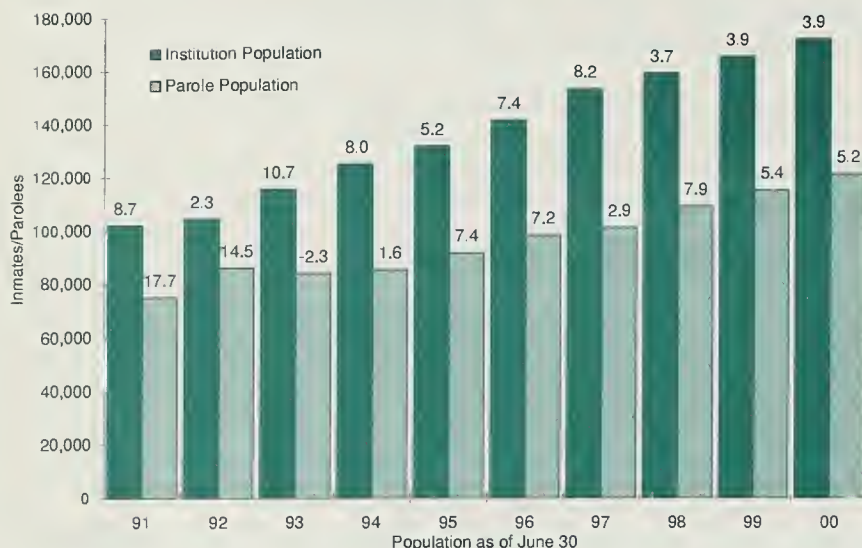
Youth and Adult Correctional Agency  
Proposed 1999-00 Expenditures  
All Funds  
(Dollars in Thousands)



\* Includes Agency Secretary

FIGURE PUB-2

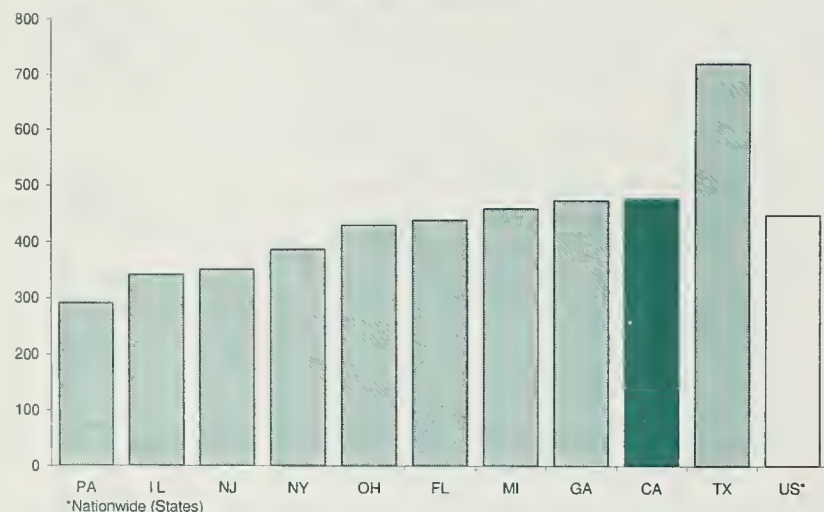
**Department of Corrections  
Institution and Parole Population Growth**



Figures above the bars represent the percentage change from previous years

FIGURE PUB-3

**Incarceration Rate Comparison  
(Per 100,000 Population)**



\*Nationwide (States)

States, on a per-inmate basis California's institutions are operated with fewer uniformed staff than most other states. Adequate funding for state prison operations ensures the safety of not only the public, but also the officers who supervise confined criminals.

**Community Correctional Facilities.** An augmentation of \$1 million General Fund and 13 personnel years is included to provide administrative services associated with the implementation of 2,000 additional Community Correctional Facility beds, beginning in July of 2000.

**Expansion of Internal Investigative Programs.** \$1.6 million General Fund and 19 personnel years is included to increase the staffing of the Office of Internal Affairs as part of a comprehensive program to enhance internal oversight procedures within the Department. Additionally, an augmentation of \$260,000 General Fund and 3 personnel years is proposed to expand the Department's ombudsmen program in accordance with Chapter 969, Statutes of 1998.

**Women Parolees and Women Parolees with Children Program.** The Budget proposes \$3 million General Fund to provide full-year funding to implement three pilot projects that provide services to assist in the successful reintegration of female parolees into the community.

**Mental Health Services Delivery System Outpatient Program.** \$3.3 million General Fund and 53 personnel years is included to provide mental health services for the growing institution population, growing prevalence of seriously mentally disordered offenders, and changing mix between the enhanced outpatient program and the the correctional clinical case management system.

**Psychiatric Services Unit-Sacramento.** The Budget includes \$2.5 million General Fund and 47 personnel years to establish a 64 bed Psychiatric Services Unit (PSU) at California State Prison, Sacramento. Similar to the PSU established at Pelican Bay State Prison, this housing



unit will provide outpatient mental health care to those severely mentally ill inmates requiring placement in the security housing unit or administrative segregation.

**Secure Psychiatric Facilities.** An augmentation of \$5.1 million General Fund and 3 personnel years is proposed to comply with a Court of Appeal decision pertaining to parolee psychiatric return-to-custody cases. This funding is necessary due to the significant risk to public safety should the State not address the psychiatric needs of these parolees.

**Local Assistance.** \$8.6 million General Fund for 1998-99 and \$5.7 million General Fund for 1999-00 are included to reimburse local governments for costs related to the transport of inmates, the return of fugitives, and court costs and county charges primarily related to hearings and trials of inmates.

**Substance Abuse Treatment Expansion.** An increase of \$21.4 million General Fund and \$650,000 in Residential Substance Abuse Treatment grant reimbursements and 35 personnel years is proposed to provide full-year funding for an additional 2,000 therapeutic community drug treatment slots in existing prisons, including aftercare treatment for 50 percent of the new program graduates. This will also support an expansion to 150 days of aftercare treatment for 50 percent of the program graduates from existing CDC drug treatment programs pursuant to Chapter 502, Statutes of 1998.

**Developmentally Disabled Population.** Augmentations of \$1.1 million General Fund and 18 personnel years for 1998-99 and \$5.5 million General Fund and 116 personnel years for 1999-00 are included to comply with the settlement agreement for the *Clark vs. The State of California* case to identify and provide services to the developmentally disabled inmate population.

**DNA and Forensic Identification Database.** The Budget proposes \$3.9 million General Fund and 39 personnel years (two-year limited term) to address workload resulting from Chapter 696, Statutes of 1998, which established the DNA and Forensic Identification Data Base and Data Bank Act of 1998. This Statute requires that persons convicted of specified felony sex and violent crimes must provide two specimens of blood, a saliva sample, a right thumb print, and a full palm print impression of both hands for DNA and identification analysis by the Department of Justice.

**Correctional Officer Training.** The Budget also includes \$5 million General Fund in anticipation of the Administration conducting a review of training needs for Correctional Officers. In view of recent lawsuits, such a review appears warranted. Specific training proposals that arise from this review will be submitted to the Legislature at a later date.

**Capital Outlay.** The Budget proposes \$153.9 million for the Department's capital outlay needs. Eleven new projects include the replacement of cell windows at the California Medical Facility, perimeter fence improvements at the California Rehabilitation Center, a water purification system at the Robert J. Donovan Correctional Facility, housing engineering improvements for the TB/HIV populations at the California Institution for Men and the California Medical Facility, and a facilities master plan for San Quentin State Prison. For additional details see the Capital Outlay section.

## INCARCERATION OF UNDOCUMENTED FELONS

The Federal Crime Bill authorizes approximately \$3.6 billion under the State Criminal Alien Assistance Program (SCAAP) to reimburse states for the costs of incarcerating undocumented felons who are in the United States illegally for the period from 1995-2000.

An estimated 13.2 percent of inmates in state prison in 1999-00 will be undocumented felons, requiring a commensurate share of state prison operating and capital costs. In 1998-99, the Department of Corrections (CDC) expects to expend approximately \$541 million for incarceration and parole supervision. In 1999-00, the CDC costs are estimated to be \$557 million, an increase of 3 percent. In addition, the Department of Youth Authority expects to expend approximately \$20 million in both 1998-99 and 1999-00, for a total of \$561 million in 1998-99 and \$577 million in 1999-00, an overall increase of 2.9 percent.

In the past two years, the annual share of federal SCAAP funding that the State receives has declined significantly, primarily due to the fact that local law enforcement entities can now receive funding for the misdemeanants held in their facilities. For 1999-00, it is estimated that California will receive approximately \$273 million in SCAAP funding. Included in this amount is an additional \$100 million beyond the amount estimated to be received under current appropriations at the federal level. California will work with other states facing similar unreimbursed costs for undocumented felons to increase the amount available at the federal level to provide a greater level of compensation for these costs. Even with this increase, California will still be receiving reimbursement for significantly less than 50 percent of the costs of incarcerating these felons. Specifically, California would not be compensated for an additional \$304 million in costs which Youth and Adult Correctional Agency departments will incur for incarceration, parole supervision and related debt service costs relative to this population.

### DEPARTMENT OF THE YOUTH AUTHORITY

The Department of the Youth Authority protects the public from criminal activity of youthful offenders by housing wards committed to the Department by juvenile courts. In order to help

these youthful offenders become productive California citizens, the Youth Authority provides education, training, and treatment services to the wards.

The Department projects an institution population of 7,725 youthful offenders by June 30, 1999, which is 185 fewer than previously anticipated. This decline is expected to continue in the budget year, resulting in a decrease of 215 wards for a June 30, 2000, population of 7,510.

The Youth Authority operates 11 institutions, including 2 reception center/clinics, 6 conservation camps (2 of which are institution-based camps), and 2 institution-to-parole transition programs (1 of which is a drug treatment program). The total Youth Authority design capacity is 6,750 beds which includes the Youth Authority's institutions and camps along with contracted beds.

The Youth Authority supervises parolees through 16 offices located throughout the State. The Parole population is projected to be 5,100 by June 30, 1999, and to decrease by 40 cases, to 5,060 by June 30, 2000.

**Security Improvements.** Funding is provided in the Budget to implement a number of security enhancements in 1999-00 to ensure the security and safety of Youth Authority institutions and facilities:

- ★ \$220,000 General Fund is included to provide additional entrance supervision staffing at the El Paso de Robles Youth Correctional Facility. This augmentation will ensure that adequate staffing exists to provide enhanced security and more closely monitor the pedestrian traffic flow into and out of the institution.
- ★ An additional \$190,000 General Fund is proposed for security equipment statewide. This will allow the Youth Authority to

upgrade metal detectors at all of its institutions and camps.

- ★ An increase of \$861,000 General Fund is included to upgrade the radio system at the Preston Youth Correctional Facility in order to alleviate dead spots and other safety-compromising transmission problems.

**Expansion of the Internal Affairs Unit.** The Budget includes \$792,000 General Fund and eight personnel years to augment the existing staffing of the Internal Affairs Unit to enhance internal oversight within the Department.

**Capital Outlay.** In addition, the Budget proposes \$34.2 million for the Department's capital outlay needs. Seven new projects include adding a new fire alarm system, new security light fixtures and cell windows at Heman G. Stark Youth Correctional Facility; renovation of a lockup unit at Fred C. Nelles Youth Correctional Facility; construction of special education classrooms at El Paso de Robles Youth Correctional Facility; and remodel of a visiting hall at Preston Youth Correctional Facility. For additional details see the Capital Outlay section.

## OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General (OIG) is charged with the responsibility for oversight and audits of investigatory practices of the boards and departments within the Youth and Adult Correctional Agency. Chapter 766, Statutes of 1994, created the OIG within the Youth and Adult Correctional Agency. However, Chapter 338, Statutes of 1998, has changed and expanded the role of the Inspector General, while Chapter 969, Statutes of 1998, re-established the Office as an independent entity reporting directly to the Governor. The Budget proposes total funding of \$3.7 million for the OIG.

Included in the Budget is an augmentation of \$1.9 million General Fund and 15 personnel years to expand the OIG to address mandated

workload. This funding is necessary to implement legislation which expands the Inspector General's responsibilities for reviewing departmental policy and procedures for conducting audits and investigations of the departments within the Agency.

## DEPARTMENT OF JUSTICE

The Attorney General serves as the State's primary legal representative and chief law enforcement officer, and is responsible for ensuring that California's laws are uniformly enforced.

For 1999-00, the Budget proposes 5,001 personnel years and \$480.5 million for the Department of Justice, including \$124.7 million for Law Enforcement programs, \$202.6 million for Legal Service programs, \$128 million for the Criminal Justice Information program, and \$5.5 million for the Gambling Control Division. The following major budget adjustments are proposed for the 1999-00 fiscal year:

**Civil Rights Enforcement.** The Budget includes an increase of \$773,000 General Fund and seven personnel years to ensure that the Civil Rights Enforcement Unit is provided with adequate resources to address civil rights issues brought to the attention of the Attorney General.

**CAL-DNA Workload.** The Budget provides an increase of \$4.9 million General Fund and 24 personnel years to eliminate the violent offender backlog; address increased workload as a result of Chapter 696, Statutes of 1998, the DNA and Forensic Identification Data Base and Data Bank Act of 1998; and to upgrade equipment at the DNA Forensic Laboratory to provide DNA profiles using the latest technology which is consistent with the Federal Bureau of Investigation's Combined DNA Index System.

**Consumer Law Enforcement.** The Budget proposes an increase of \$734,000 General Fund and seven personnel years to enhance the



Department's ability to address legal workload related to the enforcement of consumer laws.

**Natural Resources Funding.** The Budget provides an increase of \$778,000 General Fund and a corresponding decrease of \$778,000 reimbursements to respond to the Natural Resources Law Section's changing workload, based on referrals from 126 state agencies, boards, and commissions represented by the section.

**Elder Abuse Workload.** The Budget adds \$376,000 General Fund, \$1.1 million federal funds, and 19 personnel years to address workload associated with the investigation and prosecution of elder abuse cases in Medi-Cal funded nursing homes in the State.

**Tobacco Industry Litigation.** The Budget proposes a reduction of \$9.2 million (\$3.8 million General Fund) and 119 personnel years as a result of the approval of the Master Settlement Agreement (MSA) and subsequent court action which approved consent decrees involving the six major tobacco companies. \$4.5 million (\$4.2 million General Fund) will remain in the Department's budget for 1999-00 to provide the necessary resources for the Tobacco Litigation Section to fulfill the State's enforcement and other responsibilities under the MSA, including collateral actions and enforcement litigation. The tobacco settlement is estimated to generate a total of \$25 billion for California over the next 25 years. Half of those payments will go to the State and the other half to local government entities.

**Forensic Services Funding.** The Budget provides an increase of \$15.5 million reimbursements and a corresponding decrease of \$15.5 million General Fund to reflect the receipt of reimbursements from local law enforcement and other criminal justice agencies as well as various state agencies for forensic services. These services have been funded from the General Fund and provided without charge to these agencies. This

action will require the entities who have responsibility for determining the need for these services to pay for the cost of providing the services.

**Megan's Law.** The Budget includes an increase of \$182,000 General Fund to distribute the Megan's Law CD-ROM to law enforcement agencies on a monthly basis pursuant to Chapter 550, Statutes of 1998. Prior to the enactment of this legislation, the Department was required to update the CD-ROM on a quarterly basis.

**SKS Rifle Buy-Back Program.** Although Chapter 909, Statutes of 1998 requires the Department to purchase SKS rifles which are relinquished under the provisions of the bill, the level of funding required to implement the program is uncertain at this time. Therefore, any necessary funding for this purpose will be addressed during the spring.

**Capital Outlay.** In addition, the Budget proposes \$52 million for the consolidation of seven existing criminalistic laboratories into six new facilities located in Ripon, Riverside, Fresno, Santa Barbara, Santa Rosa, and Redding. The existing DOJ laboratories are severely undersized and outdated. The new replacement laboratories will assist DOJ's Bureau of Forensic Services in the performance of effective and efficient forensic analyses.

## OFFICE OF CRIMINAL JUSTICE PLANNING

The mission of the Office of Criminal Justice Planning (OCJP) is to reduce crime and delinquency and its adverse effects upon the victims of crime in California. The OCJP provides financial and technical assistance to state and local criminal justice and victim service agencies and community-based organizations. The Budget proposes \$221.8 million and 144 personnel years to continue efforts to enhance victim services programs, improve the criminal justice system, and reduce crime in California.

**Local Assistance.** The Budget proposes funding of \$742,000 in federal funds for local law enforcement block grants and \$2.4 million in federal funds to provide additional grants for Residential Substance Abuse Treatment.

**Victim Services.** The Budget includes a baseline increase of \$1.2 million in federal funds for domestic violence response teams and victim advocacy programs. The Budget also includes \$9.8 million for the third year of a total three-year \$30 million federal augmentation under the Victims of Crime Act, to provide assistance to victims and witnesses of crime, and children.

### COMMISSION ON PEACE OFFICERS STANDARDS AND TRAINING

The Commission on Peace Officers Standards and Training (POST) is responsible for raising the level of competence of law enforcement officers in California by establishing minimum standards, improving management practices, and providing financial assistance to local agencies relating to the training of their law enforcement officers. The budget proposes \$48 million from the Peace Officers Training Fund and 118 personnel years to support these program objectives.

**Reimbursements for Local Law Enforcement Training.** The Budget continues the discretionary allocation of \$12 million in Penalty Assessment Revenues to POST for the cost of backfilling for local law enforcement personnel when they are attending training. This funding enables local law enforcement agencies to enhance critical training of their personnel without jeopardizing public safety.

**Tools for Tolerance.** The Budget also includes \$2 million in Penalty Assessment funds to continue funding to train law enforcement officers on cultural diversity and tolerance issues at the Simon Wiesenthal Center, Museum of Tolerance in Los Angeles. This is the fourth year

of funding for this program and will to provide training opportunities for at least 7,000 law enforcement officers from throughout the State.

### CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) is the largest highway patrol in the United States and is recognized for its leadership on public safety issues. For 1999-00, the Governor's Budget proposes expenditures of \$885 million and 10,016 personnel years for support of the CHP.

The mission of the CHP is to protect the lives and property of motorists and to ensure the safe and efficient flow of traffic on California's highway system. The CHP's major priorities are: the enforcement of traffic laws, elimination of driving under the influence of drugs and alcohol, promoting seat belt use by motorists, regulation of commercial vehicles (primarily trucks, semi-trailers, and buses), traffic congestion relief, vehicle theft reduction, safe transportation of hazardous materials, and stopping the flow of drugs through California. More than 98,000 miles of California's local streets, roads and state highways—nearly two-thirds of all roads in the state—are within CHP jurisdiction.

Public safety radio systems face upgrading equipment from analog to digital technology that operates in higher frequency bands. This transition is driven by several factors: (1) the elimination of a manufacturing base for the existing analog equipment in use by the CHP and many other state and local public safety agencies, (2) the availability of new frequencies, and (3) the potential for agencies to communicate more easily with each other when using similar equipment and shared systems. The Administration will form a task force to explore the opportunities and alternative responses to this potentially expensive wholesale replacement of radio equipment.

The transition to new technology is likely to take several years. In the interim, existing systems must be maintained. An additional \$3.2 million is proposed to expand, enhance, and replace various elements of CHP's telecommunications infrastructure. Funding is provided to add microwave equipment to four existing remote radio sites with poor or no radio coverage and to develop another three remote sites where communications are currently unavailable. Funding is also provided for the first year of a proposed three-year effort to replace communication operator radio consoles. These investments will likely be incorporated into any new system which the task force recommends.

The Governor's Budget includes \$3.7 million to complete the expansion of the Peace Officer Environment Automation Project by equipping an additional 358 vehicles with laptop computers and purchasing related equipment and software. The CHP uses mobile digital computers in patrol vehicles as a means of communicating with dispatch offices and automating the preparation of traffic citation and accident reporting forms. Mobile digital computers also directly link to the California Law Enforcement Telecommunications System (CLETS) used by state and local law enforcement agencies to access data banks in the Departments of Motor Vehicles and Justice. Currently, the CHP deploys approximately 1,934 laptop computers in patrol vehicles and plans to increase this to a total of 2,224 in 1999-00.

The CHP also proposes \$5 million to replace two of its nine helicopters which have reached their useful life expectancy. The CHP plans to replace a third helicopter in 2000-01.



The California Environmental Protection Agency (CalEPA) was created in 1991 to better coordinate state environmental programs, reduce administrative duplication, and address the greatest environmental and health risks. The Secretary for Environmental Protection oversees: the Air Resources Board, Integrated Waste Management Board, Department of Pesticide Regulation, State Water Resources Control Board, Department of Toxic Substances Control, and Office of Environmental Health Hazard Assessment.

While some progress has been made toward achieving the goals set forth for CalEPA, there is substantial room for improving the efficiency, effectiveness, and accountability of environmental programs. Toward this end, the Secretary for Environmental Protection will review the manner in which environmental programs are delivered, the structure of environmental organizations, and the funding mechanisms that are used to support

environmental activities. Following this review, the Secretary will recommend to the Governor appropriate changes to the structure of environmental programs to better meet environmental objectives.

The Budget includes an augmentation of \$1.6 million from various special funds and one position to support information technology needs of the CalEPA building currently under construction. The funds will be used for consultants, equipment and coordinating information technology needs. The Budget also provides \$444,000 (General Fund) to continue staffing for the 13 Permit Assistance Centers located throughout the State.

### AIR RESOURCES BOARD

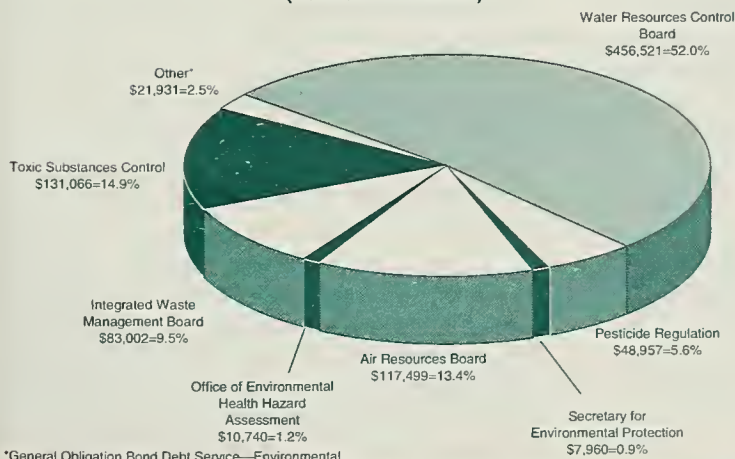
The Air Resources Board has the responsibility to protect the public health of Californians by ensuring that federal and state health-based air quality standards are achieved and exposure to air toxics is reduced through a variety of controls for mobile and stationary sources of pollution.

The Board adopts and enforces emission standards for motor vehicles, fuels, consumer products, and toxic air contaminants. The scientific and technical foundation supporting the regulatory activities is provided through the Board's research, monitoring, and emission inventory programs.

The Board oversees control efforts of 35 local air pollution control districts. The districts are primarily responsible for controlling and permitting sources of industrial pollution. Each district adopts and enforces its own rules in compliance with applicable federal and state requirements.

FIGURE EPA-1

Environmental Protection  
Proposed 1999-00  
All Funds  
(Dollars In Thousands)



As a function of its oversight role, the Board reviews district rules for effectiveness, approves district clean air plans required under the federal and California Clean Air Acts, and audits district compliance programs. Controlling particulate matter and toxic compounds, investigating health impacts, and developing zero-emission technology are among the challenges for air quality in the State.

Of particular interest is methyl tertiary butyl ether (MTBE)—a gasoline additive which reduces emissions that cause air pollution. Unfortunately, when MTBE seeps into surface and groundwater resources via tank leaks, fueling spills, and incomplete combustion, it becomes potentially harmful to public health. Studies by the University of California and the California Energy Commission have documented environmental problems associated with MTBE, and recommended that its use as a gasoline additive be phased out. The Secretary for Environmental Protection will examine the potential phase-out of MTBE, and may pursue federal legislation to repeal the oxygenate requirement for gasoline in California, thereby providing the flexibility California needs to achieve federal clean air standards in a way that will avoid other adverse environmental consequences. The California Environmental Protection Agency also will examine the effects of MTBE on water systems and small businesses and explore ways in which affected parties may be assisted in MTBE-related cleanup activities.

The Budget includes an augmentation of \$1.2 million (primarily from the Motor Vehicle Account and other special funds) to replace the roof of the El Monte laboratory, the mobile fuels testing laboratory vehicle, and various pieces of air monitoring equipment.

## INTEGRATED WASTE MANAGEMENT BOARD

The Integrated Waste Management Board will continue to address the State's solid waste management needs in the areas of facility permitting oversight, operational monitoring assistance to local governments, and educational efforts to reduce the amount of material disposed in landfills. By promoting the conservation tenets of "reduce, reuse, recycle, and buy recycled," and by helping develop markets for recycled materials, the Board has contributed to achieving a statewide diversion rate of 32 percent. Currently, over 173 cities and counties have met or exceeded 25 percent diversion or have shown a good faith effort toward meeting that level of diversion, and 42 of these jurisdictions already have met the mandate to divert 50 percent of their waste from landfills by the year 2000.

Today's complex industrial society is generating unprecedented amounts of waste, and the disposal of the waste has become a major problem because landfill space is limited, and the improper disposal of waste can adversely affect public health and the environment. For these reasons, it is imperative that a concerted effort be made to recycle waste whenever possible. This effort must include major streamlining and simplification of existing recycling programs to ensure maximum benefit. As part of this process, the Administration will explore the potential of expanding existing recycling programs and consolidating the Division of Recycling in the Department of Conservation with the recycling functions of the Board.

An augmentation of \$3.3 million (Integrated Waste Management Fund) and seven positions has been included in the Budget to increase "grasscycling" and onsite management of landscape materials, reduce commercial and institutional food waste, increase the use of compost and mulch, expand partnerships to promote removal of barriers to the recycling of

construction and demolition debris, and initiate educational programs on green building principles and material efficiency. In addition, the Budget contains an augmentation of \$1.8 million Integrated Waste Management Fund and 2.5 positions to: (1) bring solid waste facilities throughout the State into compliance with standards and regulations, with particular attention to landfills in rural areas, and (2) provide increased staff and financial assistance to expedite compliance and correct long-term violations.

California is faced with the challenge of diverting or safely managing over 30 million reusable and waste tires generated annually in the State. Currently, 15 million waste tires remain stockpiled in the State. Because of the seriousness of this problem, as exemplified by a recent large tire pile fire near Tracy, an additional \$5 million (California Tire Recycling Management Fund) has been proposed for 1998-99, with an augmentation for ongoing support of \$565,000 (California Tire Recycling Management Fund) and five positions beginning in 1999-00. The Board is preparing a report for submittal to the Legislature and Governor by May 1, 1999, together with recommendations for legislation that will evaluate California's existing waste tire management programs and policies. The report will suggest reforms to foster sustainable markets and eliminate illegal waste tire stockpiles.

### DEPARTMENT OF PESTICIDE REGULATION

The Department of Pesticide Regulation protects public health and the environment with the nation's most rigorous and comprehensive program to evaluate pesticides and control pesticide use. The mission of the Department is to regulate all aspects of pesticide sales and use, recognizing the need to control pests, while protecting public health and the environment and fostering reduced-risk pest management strategies. The Department's strict oversight includes scientific evaluation of pesticides before they are licensed for sale; local enforcement to

ensure pesticides are used safely; residue testing of fresh produce; environmental monitoring to detect, reduce, and prevent contamination; and programs to encourage the development and use of pest control practices that are both environmentally sound and effective. In particular, the Director of the Department will develop a plan for comprehensively researching economical alternatives to the use of pesticides.

The addition of \$151,000 (General Fund) and two positions will enable the Department to identify potentially vulnerable areas of ground water pollution before contamination occurs. In addition, an augmentation of \$376,000 (Pesticide Regulation Fund) and three positions will be used for ongoing maintenance of a new database and reimbursing counties for increased data entry workload. The purpose of the database is to provide the Department and the County Agricultural Commissioners access to the compliance history of licensees, including pest control advisors, businesses, applicators, and pesticide dealers.

### STATE WATER RESOURCES CONTROL BOARD

The mission of the State Water Resources Control Board is to preserve and enhance the quality of California's water resources, and to ensure their proper allocation and efficient use for the benefit of present and future generations. Board activities include regulatory oversight of the State's surface, ground, and coastal waters; allocation of unappropriated water rights; and abatement of unauthorized diversions.

In 1999-00, the Board expects to complete 3,110 compliance inspections of permitted facilities, issue or update 938 water quality permits, issue 77 water rights permits, and adopt 6 major water rights orders.



The Budget includes an augmentation of \$6 million (Federal Trust Fund) and 30 positions to address water pollution. Using a watershed approach, staff will work with stakeholders to identify sources of pollutants within priority watersheds and develop limits for the total amount of waste that can be discharged.

The Board also will begin implementation of Phase II of the U.S. Environmental Protection Agency's Storm Water regulations, which require regulation of municipalities that serve a population of 100,000 or less, and regulation of construction activities that disturb between one and five acres of land. The Budget includes an augmentation of \$1.5 million (Waste Discharge Permit Fund) and ten positions to issue National Pollutant Discharge Elimination System storm water permits to 115 municipalities and an estimated 5,000 construction sites not currently regulated.

The Budget includes an augmentation of \$578,000 (General Fund) and four positions to process water rights permits, reduce the number of unauthorized water diversions, and review water quality standards for the San Francisco Bay-Delta Estuary. An augmentation of \$750,000 Integrated Waste Management Account and 8.6 positions will be used to develop waste discharge requirements and initiate the cleanup of ground water affected by leaking landfills.

### DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control is responsible for the prevention and remediation of environmental damage caused by hazardous substances. The Department oversees the cleanup of contaminated sites and monitors and regulates hazardous waste transportation, treatment, storage, and disposal in California. The Department's programs cover site mitigation, hazardous waste management, pollution prevention, waste minimization, and technology development.

California's Superfund Cleanup program expired January 1, 1999. While the Department of Toxic Substances Control will continue to clean up toxic sites, including Clandestine Drug Laboratory sites—to the extent allowed under existing law—cleanup efforts will be hampered until legislation is enacted to reauthorize the Superfund Cleanup program. The Administration will support statutory reauthorization of the program along with changes needed to improve the program.

Work will continue at the Stringfellow Hazardous Waste Site. The ground water treatment system at the site is operated with ongoing funding of \$6 million (General Fund). A General Fund augmentation is included in the Budget for 1999-00, bringing total funding for the site to \$14.4 million. The additional funding will be used to repair the pretreatment plant and conduct additional remedial measures, in compliance with the U.S. Environmental Protection Agency cleanup plan, for the site.

The Environmental Cleanup and Fee Reform Act of 1997 mandated that additional funding be provided for pollution prevention programs. The Budget includes an additional \$1.1 million (Toxic Substances Control Account) and seven positions for this purpose. Specific activities include support of the Source Reduction Advisory Committee, evaluation of waste generation/source reduction data, provision of source reduction assistance and training to certified unified program agencies (CUPAs) and businesses, and evaluation of other states' voluntary pollution prevention programs.

The Unified Hazardous Waste and Hazardous Materials Management Regulatory Program consolidated six hazardous material and hazardous waste regulatory programs. In most areas of the State, the program is administered by CUPAs, which are local agencies designated by the Secretary for Environmental Protection. CUPAs are supported by fees charged to the regulated community to offset the cost of regulation. The

law provides for CUPA fees to be charged in an amount that does not exceed the costs of administration. Surveys reveal that fees vary substantially among CUPAs; however, the reasons for the variations are not clear. The Secretary for Environmental Protection will review the CUPA funding structure and make recommendations to improve the equity of fees among CUPAs.

### OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

The primary goal of the Office of Environmental Health Hazard Assessment is to protect and enhance public health and the environment through objective, scientific evaluations of risks posed by hazardous substances. The Office provides risk assessment to various programs under the California Environmental Protection Agency as well as other state and local agencies. The Office provides these programs with scientific tools and information upon which to base risk management decisions. Health risk assessments focus on exposure to chemicals in air, water, food, consumer products, hazardous and municipal waste facilities, fish and shellfish, and sediments in bay and estuarine waters. In 1999-00, the Office will continue performing risk assessments on chemical contaminants in drinking water, resulting in the adoption of public health goals for those contaminants. In addition, the Proposition 65 program will continue to publish, update, and improve the process for listing chemicals known to the State to cause cancer or reproductive toxicity.

The Budget includes an augmentation of \$194,000 (reimbursements) and three positions to register environmental assessors, who are environmental professionals that contract with private property owners to manage the cleanup of hazardous waste sites.





The Resources Agency is responsible for administering programs that conserve, preserve, restore, and enhance the rich and diverse natural resources of California. The 1999-00 Governor's Budget proposes \$2.3 billion and 14,904 personnel years for state operations and local assistance activities, and \$756.3 million for capital outlay.

## DEPARTMENT OF FORESTRY AND FIRE PROTECTION

The Department of Forestry and Fire Protection (CDF) provides fire prevention and suppression for approximately 36 million acres of publicly and privately-owned wildlands, responds to state declared natural disasters and emergencies, and protects and enhances forest, range land and watersheds that in turn provide social, economic, and environmental benefits. The Budget proposes a total of \$500.7 million and 5,046 personnel years for CDF's state operations and local assistance. Significant augmentations include the following:

**Airtanker Retrofit Program.** In 1995, a plan was approved to begin retrofitting S-2 airtankers for wildland fire suppression. Recent Budget Acts have appropriated over \$24 million (General Fund) to retrofit 8 S-2T aircraft acquired at no cost from the federal government. A recently completed study recommends retrofitting 15 additional S-2T airtankers, as the current, remaining fleet of S-2A airtankers will not be useable beyond the year 2004. The Budget proposes \$29.9 million (General Fund) to begin the

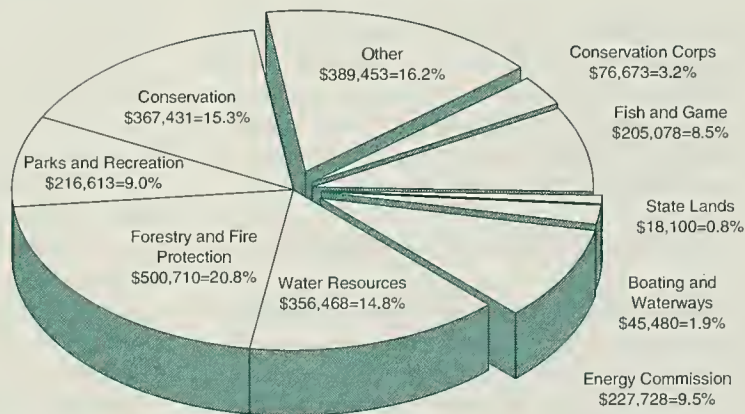
process of retrofitting 10 additional aircraft in 1999-00, with the remaining five aircraft to be funded and retrofitted over the next several years.

**Computer Aided Dispatching (CAD).** The Budget proposes \$13.8 million (General Fund) and six personnel years to obtain a new CAD system, which is critical to the Department's emergency response capabilities and public safety responsibilities. This funding represents the first year of a four-year program to replace the existing CAD system, which is outdated and no longer supportable.

**Resource Management.** The Budget includes \$6 million from the Forest Resources Improvement Fund to support a variety of CDF resource management programs as follows:

FIGURE NR-1

Natural Resources Proposed 1999-00 Expenditures  
All Funds  
(Dollars in Thousands)



\* "Other" includes state operations and local assistance expenditures for: Secretary for Resources, Coastal Commission, Colorado River Board, San Francisco Bay Conservation and Development Commission, Special Resources, Delta Protection Commission, Wildlife Conservation Board, State Coastal Conservancy, Santa Monica Mountains Conservancy, San Joaquin River Conservancy, Coachella Valley Mountains Conservancy, and General Obligation Bond Debt Service. Also included are capital outlay expenditures for the conservancies and the Wildlife Conservation Board because these expenditures represent the main program activities for these entities.

- ★ \$2.8 million and 6 personnel years to provide grants and cost-share opportunities, under the California Forest Improvement Program to encourage private and public investment in the management of forest lands.
- ★ \$1.4 million and 4 personnel years to provide grants and technical assistance for the Urban Forestry Program to promote tree planting and management in the State's urban areas.
- ★ \$878,000 and 20 personnel years to increase nursery operations to provide up to three million seedlings annually.
- ★ \$833,000 and 2 personnel years for forest research and monitoring projects in the State's eight demonstration forests.
- ★ \$125,000 and 1 personnel year to augment forest pest management efforts by providing technical assistance to private landowners on forest health.

**Capital Outlay.** The Budget proposes a total of \$34.2 million (\$27 million General Fund; \$7.2 lease revenue bonds) for capital outlay to address infrastructure improvements necessary to maintain fire protection efforts. These proposals are outlined in the Capital Outlay section.

### STATE COASTAL CONSERVANCY

The State Coastal Conservancy was established in 1976 to preserve, protect, and restore significant coastal resources and to provide public access along California's 1,100 mile shoreline. The Conservancy works to accomplish these goals both directly and in cooperation with local agencies and private nonprofit organizations. The Budget proposes a total of \$4.3 million and 47 personnel years for state operations and \$26.8 million for capital outlay. Significant budget adjustments include the following:

**Challenge Grants.** To reaffirm the State's commitment to the preservation, restoration, and enhancement of the coast, the Budget includes \$10 million (General Fund) for a new challenge grant program to fund coastal access and wetlands restoration. Under this new program, the Conservancy will provide grants to local and private entities that will be required to match the State's share "dollar-for-dollar" of project funding.

**Coastal Access.** Charged with providing coastal access for the public while protecting sensitive coastal resources, the Conservancy designs and constructs public access facilities directly or through grants to local agencies. The Budget proposes to continue \$3.4 million (special fund) for coastal access.

**Natural Community Conservation Planning (NCCP) Program.** The Budget includes \$5 million (General Fund) to acquire, restore, enhance, and provide managed public access to priority habitat sites within the coastal watershed project in San Diego County. These activities will help implement the NCCP already underway in that location.

### CALIFORNIA COASTAL COMMISSION

Established by a voter-approved initiative in 1972, the California Coastal Commission was made permanent by the Coastal Act of 1976. The Commission manages the State's coastal resources and is charged with administering the policies of the Coastal Act which deal with, among other things, public access to the coast, coastal recreation, the marine environment, coastal land resources, and coastal development.

The Budget includes a total of \$12.7 million for state operations and local assistance and 132 personnel years.

**Funding Restoration.** In the 1980s, the Commission sustained significant budget reductions. The Budget proposes \$981,000 (General Fund) and nine personnel years to meet ongoing workload

needs related to reviewing coastal permits, working with local governments to complete their Local Conservation Plans, and enforcement of the Coastal Act. This augmentation amount had been included in the 1998-99 Budget by the Legislature but was vetoed.

**Adopt-A-Beach/Environmental Education.** The Budget includes \$390,000 (special fund) and three personnel years to increase public awareness and participation in the Adopt-A-Beach, Coastweek and Coastal Cleanup Day activities, and provide grants to develop and implement coastal environmental education programs.

### SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

The San Francisco Bay Conservation and Development Commission was established in 1965 to protect and promote the responsible use of San Francisco Bay resources. The Budget proposes a total of \$3.6 million and 37 personnel years for state operations.

**Bay Plan Update.** The Commission was created to develop the San Francisco Bay Plan to establish priorities for uses of the Bay and shoreline by striking a balance that will protect and enhance natural habitat, public access and open space, while providing for economic development through water-related uses of the Bay (e.g. ports). The initial Plan was developed by the Commission between 1965 and 1968. The Commission's mission now is to administer the implementation of the Plan. The Budget proposes \$172,000 (General Fund) to begin a multi-year program to comprehensively review and update the Bay Plan.

#### Long Term Management Strategy (LTMS)

**Program.** The LTMS Program is a joint effort to formulate a federal/state management strategy for San Francisco Bay dredging that concentrates federal efforts toward studying and designating ocean disposal sites, and State efforts toward inbay and upland dredge material disposal options. The Budget includes \$174,000 for the

continuation of the LTMS Program. This increase will be funded from fees levied on public agencies or individuals proposing to dredge material or dispose of dredged material in the San Francisco Bay.

### STATE LANDS COMMISSION

The State Lands Commission was created in 1938 to manage all sovereign and school lands. Today these lands encompass more than 120 navigable rivers and sloughs, 40 naturally formed lakes, the entire coastline, and over 575,000 acres of school land. Resources include minerals such as oil, natural gas, hard rock minerals, sand, gravel and geothermal streams. Natural resources also include forests, grazing land, wetlands, riparian vegetation, and fish and wildlife habitat. Consistent with a comprehensive land and resource management plan, the Commission leases these lands for oil production, timber harvesting, mining, and energy production to generate revenues for the State.

Under the provisions of the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act of 1990, the Commission is required to inspect and monitor all marine facilities and terminals such as oil drilling platforms, storage, refining and pipelines where a discharge could impact marine waters. Fees paid by terminal operators on each barrel of oil are used for both prevention and oil spill response activities. The Office of Spill Prevention and Response in the Department of Fish and Game also has similar responsibilities. The Secretary of the Resources Agency will review functions in both departments and make recommendations on the efficacy of program consolidation and policy recommendations on program priorities.

The Budget proposes a total of \$18.1 million and 220 personnel years for state operations including the following major augmentations:



**Land Management Program.** The Budget proposes \$205,000 (General Fund) to continue the Commission's efforts in identifying and resolving title issues to sovereign lands on closing military bases and to provide assistance to local agencies to ensure that sovereign lands granted to local jurisdictions are being managed and used in accordance with the Public Trust Doctrine which guarantees public access to all navigable waterways. In addition, the Budget proposes \$30,000 (General Fund) for a study to determine the costs to remove the remains of the La Jénelle Fishing Jetty, a public hazard on sovereign land, and to review the potential environmental impact resulting from the removal of the jetty.

**Marine Facilities Management Program.** The Budget proposes \$595,000 (special fund) to strengthen the Commission's oil spill prevention program by providing funds to identify and inspect marine facilities not included in the Commission's current oil spill prevention program. These facilities include refueling docks, shipyards, onshore production and processing facilities, and oil waste reception facilities. In addition, the Budget proposes \$56,000 (special fund) to develop and implement a safety management program that addresses the prevention of spills due to human or organizational errors.

## DEPARTMENT OF WATER RESOURCES

The Department of Water Resources (DWR) protects, conserves, develops, and manages the State's water. Established in 1958, the Department delineates the State's water issues, forecasts future water needs, evaluates and inventories existing water resources, and explores the resource potential to meet the needs of the State's growing population.

The Budget includes a total of \$356.5 million for state operations and local assistance activities and 2,785 personnel years. Major budget adjustments include the following:

**CalFed.** The Budget proposes \$6 million (General Fund) and 41 personnel years to provide second year funding for the State's share of the support for the CalFed effort. CalFed is a joint federal and state effort that is working with environmentalists, business leaders, agriculturists and urban stakeholders to study and recommend policy directions and goals to address California's long-term water needs, as well as formulate long-term solutions to the environmental and water quality issues in the Bay-Delta estuary.

**Local Flood Control Subventions.** Because of the difficult budget situation for 1999-00 resulting from an imbalance between revenue and expenditures, it is necessary to defer some of the spending actions taken by the Legislature and the Governor last year. This Budget proposes to defer payment to local governments of flood control subventions provided by Chapter 326, Statutes of 1998 (\$44 million for 1999-00).

**Safety of Dams.** The Budget includes \$488,000 (General Fund) and three personnel years to meet increased workload demands to inspect dams to ensure proper construction, safe operation, and maintenance of more than 1,200 dams in the State.

**Capital Outlay.** The DWR capital outlay program for 1999-00 totals \$537 million (\$22.2 million General Fund, \$506.9 million State Water Project Funds, and \$7.9 million various special funds) for capital outlay. The Budget proposes a total of \$26.9 million (\$22.2 million General Fund and \$4.7 million reimbursements) for a variety of flood control-related projects that are outlined in the Capital Outlay section.

## DEPARTMENT OF FISH AND GAME

Consistent with a strategic plan adopted in 1995, the Department of Fish and Game (DFG) is in the process of completing a reorganization that will more closely align its organizational structure with the delivery of services and programs. Regions are designed to reflect biological

strategies and types of habitat for improved resource management. Specific components include four divisions: Habitat Conservation, Wildlife and Inland Fisheries, Spill Prevention and Response, and Administration. A marine region, located in Monterey, will improve management of marine resources. The Secretary of the Resources Agency will be reviewing the reorganization, including the use of a myriad of special funds, to ensure that the DFG's structure will effectively accomplish program goals.

The Budget proposes a total of \$205.1 million and 2,163 personnel years for state operations and local assistance. Significant adjustments include the following:

**Lake and Streambed Alteration Permits.** The Budget proposes \$2.4 million (special funds) to comply with a stipulation that the California Environmental Quality Act applies to dredging and lake and streambed alteration permits. This has resulted in additional workload related to the approval of permits. In concert with this proposal, the Budget proposes to increase the fees for these permits to cover the costs of this new workload.

**Oil Spill Prevention and Administration Fund Shortfall.** The Budget includes a \$1.9 million decrease in expenditures from the Oil Spill Prevention and Administration Fund to bring expenditures in line with revenues received. This is a multi-year plan set forth by the Office of Spill Prevention and Response that includes a \$300,000 current year savings to the fund.

**Continuation of Various Fish and Wildlife Habitat Programs.** The Budget proposes to continue funding for the following programs:

- ★ \$4 million (\$3.4 million federal funds and \$599,000 various funds) and 40 personnel years (two-year, limited-term) to maintain and expand fishing opportunities as a result of additional funding for mitigation hatcheries and from the federal Sport Fish Restoration Act Program.

- ★ \$3.6 million (\$1.6 million General Fund; \$2 million federal funds) to continue grants to local jurisdictions with existing approved plans to acquire and manage land to implement Natural Community Conservation Plans (NCCP) in a five-county NCCP planning area in Southern California. Additionally, another \$1 million (various funds) to continue, on a one-year, limited-term basis, staff support of 13 personnel years for the NCCP.
- ★ \$1.1 million (various funds) and 9 personnel years to implement the third year of the five-year Business Systems Infrastructure Project.
- ★ \$878,000 (\$577,000 federal funds and \$301,000 various funds) and 25 personnel years to continue, on a limited-term basis, the Salmon Restoration Program started in 1997-98 with the passage of the Safe, Clean, Reliable Water Supply Act (Proposition 204).
- ★ \$796,000 (special fund) and 23 personnel years to continue, on a two-year, limited-term basis, the Land Stewardship Program, which began in 1997-98. The Department manages over 800,000 acres of wildlife and aquatic habitat including 105 wildlife areas and 99 ecological reserves and holds conservation easements and other management responsibilities over an additional 111,000 acres.

## DEPARTMENT OF BOATING AND WATERWAYS

The Department of Boating and Waterways (DBW) provides loans to public and private marina owners to restore, expand, or construct new marinas for small harbor craft. The interest rate on loans to public marinas is set at 4.5 percent and secured by the anticipated gross revenue from the project. Loans to private marina owners are subsidized at a rate of one percent above the prime or base rate of interest for an unsecured loan. (In the marketplace, unsecured loans, which boat marinas are

considered generally, are prime plus three to five percent interest). Further, pursuant to state law, private marina loans are to be secured by collateral, usually the marina itself, equal to 110 percent of the amount of the loan. To date, \$59 million in loans have been provided to public agencies and over \$46 million has been provided to private developers.

In recent years, however, many public borrowers have requested that their loans be restructured or payments deferred, and one borrower has defaulted on a loan totaling \$11 million. The DBW also has identified another \$25 million in problem loans. Consequently, the proposed 1999-00 Governor's Budget does not include any additional funding for new loans. The Department of Finance will be reviewing the loan process and taking the steps necessary to ensure that the interests of the State are better protected. In addition to Finance's review of the loan process, the Secretary of the Resources Agency will examine the appropriateness of expending public funding to provide below market interest loans to private sector developers. Upon resolution of these loan program issues, additional funding may be considered during the spring budget process.

The DBW also will conduct a study over the next year to reevaluate the formula used to compute gas tax revenues attributable to boating activities. The current formula has not been reviewed in over two decades.

The Budget proposes \$45.5 million and 83 personnel years for state operations and local assistance activities. Significant adjustments include the following:

- ★ \$16.6 million (special fund) for local assistance grants to public marina owners to construct new or improve existing boat launching facilities.

- ★ \$2.6 million (federal funds) to provide additional boating education and safety programs consistent with the federal Wallop-Breaux Act Program.
- ★ \$1 million (special fund) for grants to local public agencies to remove abandoned vessels in public waters.
- ★ \$849,000 (special fund) to increase efforts to control spread of *Egeria densa* in the Sacramento-San Joaquin Delta.

**Capital Outlay.** The Budget includes \$8.2 million (special fund) to develop boating instruction and safety centers. These projects are outlined in the Capital Outlay section.

## DEPARTMENT OF PARKS AND RECREATION

In 1993, the Department of Parks and Recreation became one of four state agencies to participate in a pilot project on performance based budgeting. The Department has been very successful in demonstrating that performance based budgeting is a workable approach for honing organizational goals and identifying achievements. The Department has developed an organizational culture that is based on performance outcomes, measurement, and a data-based infrastructure, and aligned its budget according to the principles of performance measures. Consumer satisfaction is the primary measure of program success. Benefits also include greater program accountability for results, a clearer picture of the cost of achieving identified outcomes, and increased operational efficiency due to better management tools and the greater operational flexibility provided through Memoranda of Understandings with the Legislature. The Department has provided a model upon which other departments can build strategies tailored to their own needs.



The Budget proposes a total of \$216.6 million and 2,730 personnel years for state operations and local assistance, and includes the following major adjustments:

**Local Assistance.** The Budget includes \$25.4 million (various special and federal funds) for grants to local communities to enhance recreational opportunities, historic preservation projects and habitat protection efforts through the following grant programs: Off-Highway Vehicle Program, \$16.5 million; Habitat Conservation Fund Program, \$2 million; Recreational Trails Program \$4.5 million; and Federal Grant Program, \$2.4 million.

**Capital Outlay.** The Budget proposes a \$25.9 million (\$9.9 million General Fund; \$600,000 federal funds; \$15.4 million various special funds) capital outlay program for various public safety, critical infrastructure and various capital improvements, and enhancement projects which are outlined in the Capital Outlay section.

## DEPARTMENT OF CONSERVATION

The Department of Conservation administers programs that manage and regulate the use of the State's geological resources. The Department is responsible for, among other things, safeguarding farmland and open space; regulating oil, gas and geothermal wells; studying and mapping earthquakes, landslides, and mineral resources; monitoring the reclamation of land used for mining; and promoting beverage container recycling. The Budget proposes a total of \$367.4 million for state operations and local assistance and 594 personnel years.

**Recycling.** Landfill space is limited, and the disposal of the unprecedented amounts of waste currently being generated is a major problem. Additionally, improper disposal of waste can adversely affect public health and the environment. To maximize opportunities to streamline and simplify existing state-administered recycling programs to ensure maximum benefit and realize

optimum efficiencies in the State's limited landfills, the Administration intends to explore the potential of consolidating the Division of Recycling in the Department of Conservation with the recycling functions of the California Integrated Waste Management Board. Such a review provides opportunities for consolidation because certain aspects of the Department of Conservation's Recycling Program are sunseting at the end of 1998.

**Agricultural Land Stewardship Program.** To continue the conservation efforts of the Agricultural Land Stewardship Program, the Budget includes \$2 million (General Fund) for grants to local and non-profit agencies to purchase and conserve agricultural land that might otherwise be threatened by development.

## ENERGY

Energy is regulated in California by several state agencies including the Public Utilities Commission (PUC), the California Energy Commission (CEC), and the Electricity Oversight Board. In addition, the recent restructuring of California's electric industry created two new state-chartered market agencies—the Independent System Operator and the Power Exchange.

While restructuring should benefit California consumers and ratepayers, the appropriate role of state government and its administering agencies needs to be reexamined. The PUC and CEC have begun working toward internal reevaluations. The Secretary of the Resources Agency, however, will take the lead in developing, through an open process, a comprehensive set of recommendations for a new state energy governance structure. Guiding principles will include the concept that Californians must be able to rely on a safe and reliable utility system, public energy agencies and market institutions should be fully coordinated and complement each other, and program products should be clearly defined and have clear public value.

The Budget proposes a total of \$227.7 million and 467 personnel years for the Energy Commission's state operations and local assistance and includes the following major adjustments:

**Siting Energy Facilities.** The Budget proposes \$1.2 million (special fund) in 1999-00 to review power plant siting proposals to ensure applicants provide an efficient and reliable source of energy while operating in compliance with health and safety and environmental laws.

**Public Interest Energy Research (PIER) Program.** The Budget includes \$1.1 million (special fund) to provide additional technical and administrative assistance to the Commission's \$67 million PIER grant program. These grants encourage public-interest research, development and demonstration projects which may not be competitive in a market-based economy.

The Business, Transportation and Housing Agency includes state programs that develop and maintain California's transportation infrastructure, ensure efficient and fair markets for real estate and financial businesses, and assist community efforts to expand the availability of affordable housing for a growing workforce—components necessary to sustain California's expanding economy.

In addition, the Agency contributes to public safety through the law enforcement activities of the California Highway Patrol and the Department of Alcoholic Beverage Control. Additional information on the Highway Patrol's budget can be found in the Public Safety section.

FIGURE BTH-1

**Business, Transportation and Housing  
Proposed 1999-00 Expenditures  
All Funds  
(Dollars in Thousands)**

|  | State<br>Operations | Local<br>Assistance<br>& Capital<br>Outlay |
|--|---------------------|--|
| Agency Secretary                                   | \$2,322             | —  |
| Department of Alcoholic<br>Beverage Control        | 31,801              | \$1,500                                    |
| Alcoholic Beverage Control<br>Appeals Board        | 710                 | —  |
| Department of Financial Institutions               | 18,128              | —  |
| Department of Corporations                         | 37,270              | —  |
| Department of Housing and<br>Community Development | 40,312              | 132,061                                    |
| California Housing Finance Agency                  | 16,678              | —  |
| Office of Real Estate Appraisers                   | 4,234               | —  |
| Department of Real Estate                          | 28,456              | —  |
| California Transportation Commission               | 2,401               | 225,000                                    |
| Special Transportation Programs                    | —                   | 100,259                                    |
| Department of Transportation                       | 2,351,765           | 5,590,529                                  |
| High-Speed Rail Authority                          | 3,027               | —  |
| Office of Traffic Safety                           | 24,929              | 17,355                                     |
| California Highway Patrol                          | 885,251             | 20,431                                     |
| Department of Motor Vehicles                       | 596,367             | 7,209                                      |
| Stephen P. Teale Data Center                       | 85,368              | —  |
| Bond Debt Service                                  | 327,679             | —  |
| <b>Totals</b>                                      | <b>\$4,456,698</b>  | <b>\$6,094,344</b>                         |

Figure BTH-1 displays the funding proposed in the Business, Transportation and Housing portion of the Governor's Budget. The majority of the funding is provided from special fund revenues and federal funds. Significant General Fund expenditures are made for general obligation bond debt service for voter-authorized transportation, bridge seismic retrofit, and to support a variety of programs in the Department of Housing and Community Development.

## TRANSPORTATION

Transportation and related public safety programs are provided by the Department of Transportation, California Transportation Commission, California Highway Patrol, Department of Motor Vehicles, Office of Traffic Safety, and local government agencies. Most of the revenue to support transportation comes from state and federal fuel taxes, the sales and use tax on diesel fuel, motor vehicle license and registration fees, weight fees for trucks and trailers, and local sales taxes. The 1999-00 Governor's Budget proposes approximately \$9.8 billion for roads, highways, mass transit and intercity rail, vehicle licensing and registration, and highway law enforcement.

**Long-Term Transportation Policy Development.** As discussed in *Building the 21<sup>st</sup> Century*, the Governor will appoint a statewide commission directed to study the infrastructure needs of California for the next decade and to report on the steps necessary to achieve this goal. The Commission will include in its review the State's transportation systems.

In recent years, traffic congestion and the deterioration of streets and highways have started to seriously threaten the quality of life in



California. The State's aging urban highways are overcrowded and increasingly expensive to repair and maintain. In 1976, California had 15,179 maintained centerline miles of highway, 47,106 lane miles, and 77.2 billion vehicle-miles of automotive travel each year. By 1996, the State's centerline highway mileage had increased infinitesimally to 15,221, and lane miles increased by 3.6 percent to 48,806, but vehicle-miles traveled had soared to 149.6 billion per year—an increase of nearly 94 percent. Since 1987, the time Californians have wasted in traffic jams has increased 70 percent to over 300,000 hours per day.

As California's highway system ages, the cost to maintain and rehabilitate it increases. Most of the highways were built in the 1950s, 1960s, and 1970s. The useful life span of a highway is estimated to be 20 to 30 years before major rehabilitation is required. In 1988, the condition of California highways was ranked 25<sup>th</sup> among states, with 9 percent of its urban and rural highways in poor condition. By 1997, California's rank dropped to 41<sup>st</sup> with 12 percent of its urban and rural highways in poor condition.

Unless addressed, these problems will become worse, wasting travelers' time and posing a safety threat to citizens and businesses. In addition, the California's future economic growth is linked with the success of its transportation systems.

Over the next year, the Administration will work toward developing a framework for transportation policy and a long-term funding approach. This framework will consider:

- ★ **Approaches to assessing system needs.** For the most part, transportation planning is developed around assumptions of funding availability, rather than an assessment of the need for additional highway and transit capacity. A comprehensive approach is needed which measures the costs of building

more highways and increasing transit capacity, and is based on a reasonable standard of mobility and population trends.

- ★ **Alternatives to increasing capacity.** A long-range planning perspective also needs to consider alternatives to the expansion of highway as a means of reducing congestion. The State may also need to look at plans for water-based mass transit.
- ★ **Better focus on capacity in the allocation process.** The existing process for assigning funding priority to projects could be better formulated to encourage regions and Caltrans to explicitly consider capacity problems.
- ★ **State/local coordination.** The existing responsibility for transportation planning and project programming is divided between the State and 43 regional transportation planning agencies. This apportionment of planning responsibility is responsive to local priorities but places a responsibility on all partners to ensure coordination between regions. That coordination must have a central place of importance in the long-term policy framework for transportation.
- ★ **Appropriate funding mechanisms.** The present sources and uses of the various transportation funds need to be reexamined for adequacy and flexibility. Transportation is currently funded from multiple sources including state and federal excise taxes on motor vehicle fuels, sales taxes on diesel fuel, local sales taxes, and state general obligation bonds which have been passed by the voters for transit and seismic retrofit of state bridges. Some of these sources—such as motor vehicle fuel taxes—are restricted in use and others—such as the Public Transportation Account which supports transit operations—may lack sufficient revenues even for current programs.

## DEPARTMENT OF TRANSPORTATION

The California Department of Transportation (Caltrans) constructs, operates and maintains a comprehensive transportation system with more than 49,500 miles of highway and freeway lanes, and provides intercity rail passenger services under contract with Amtrak. Caltrans' budget includes \$1.7 billion for programs which assist local government to construct and operate highway, road, and transit systems. Caltrans also provides technical assistance and development loans to more than 100 of California's public general aviation airports. The 1999-00 Governor's Budget proposes over \$7.9 billion in expenditures for Caltrans from federal funds, reimbursements, and various state funds, and staffing of 20,449 personnel years.

### Caltrans' Support Budget

**Capital Outlay Support.** Caltrans has recently emerged from a period in which its resources were redirected to natural disasters, including the Loma Prieta and Northridge earthquakes, as well as the flood and storm damage which occurred during the winter of 1997 and 1998. In addition, two rail bond measures were not successful in the November 1992 and 1994 ballots. As a result, the 1996 State Transportation Improvement Program (STIP) added no new projects, and \$574 million of projects from the 1994 STIP had to be deleted. The STIP is a list of capital projects submitted by regional transportation agencies and Caltrans and adopted by the California Transportation Commission (CTC) which are scheduled (programmed) over the multi-year time period covered by the STIP—currently six years.

The enactment of Proposition 192—combined with the funding strategy adopted in Chapter 327, Statutes of 1997 (SB 60), for state toll bridges—has improved the funding situation. Proposition 192 provided \$2 billion in general obligation bond authority to retrofit the State's highway overpasses and toll bridges. Chapter 327 provided a funding solution for the

seismic retrofit of the State's toll bridges by authorizing a \$1 toll-bridge surcharge and dedicating State Highway Account and Public Transportation Account revenues to fund the estimated \$2.5 billion cost of this effort.

The six-year 1998 STIP adopted by the CTC in June of 1998 contains \$4.6 billion in new project programming out of a total of \$8.3 billion of capital spending. To design and deliver the additional programming in the 1998 STIP, the 1998-99 Budget Act added 1,953 additional capital outlay support staff in Caltrans. At the time its budget was developed, Caltrans had filled 82 percent of these positions. The Governor's Budget contains \$3.5 million to provide normal salary step adjustments in 1999-00 for these new staff.

Moreover, the recently enacted Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) adds an estimated \$860 million in previously unanticipated federal funds for STIP projects over the next six years. TEA-21 reauthorized the federal transportation program for the next six years, replacing the Intermodal Transportation Efficiency Act of 1991, which expired at the end of federal fiscal year 1997.

Additionally, \$740 million in state funds has been identified which can also be programmed for capital projects. The CTC currently anticipates adopting an amended 1998 STIP fund estimate in January 1999. The Administration will convey its priorities for use of these funds to the Commission, as the Commission considers the 1998 STIP amendment later in 1999.

Additional capital outlay support staff will likely be required to deliver these new projects. The number of additional capital outlay support staff needed by Caltrans will not be known until Caltrans reviews the new regional transportation improvement programs.

**Improving Project Delivery.** The Administration is committed to seeing highway resources translated into finished projects as quickly as possible. Caltrans is developing significant improvements on its traditional mode of managing capital projects and estimating workload for capital outlay design and engineering. Formerly, capital projects were directed by functional managers, each of whom controlled a portion of the project (for example, right-of-way acquisition, environmental, engineering design, etc.). To improve accountability and delivery, Caltrans is implementing a new approach in which functional managers report to one central project manager responsible for the entire project from inception to completion of construction.

The Budget proposes \$530,000 to improve Caltrans' capital outlay support estimation capabilities. Using consultants, Caltrans will continue to develop standards used in estimating project workload and create an automated method for evaluating project cost estimates based upon statistics from previously completed projects. Together, these should provide more reliable information on tasks, duration, and expected resources, allowing Caltrans to better assess the reasonableness of capital outlay support costs and schedules. The Administration will be encouraging Caltrans to continue to seek other ways to expedite project delivery.

**Planning.** Since funding was not available for new STIP projects, Caltrans' Planning Program was scaled back in the wake of redirection of resources following the Northridge and Loma Prieta earthquakes. With the increase of funding available in the 1998 STIP, the Planning Program needs to be strengthened.

The Planning Program develops transportation corridor studies and other long-range highway system plans which identify potential projects for future transportation funding cycles. This program also prepares project study reports which Chapter 327, Statutes of 1997, now

requires before a project can be included in the STIP. These various documents help determine a project's cost, scope, and schedule.

The Budget provides \$7.9 million and 89.8 personnel years to staff Caltrans' planning program for the 2002 STIP and to prepare project study reports for programming the additional federal TEA-21 funds. The augmentation also funds the first year of a two-year travel survey that provides data to calibrate transportation air quality models and forecast future travel demand on state highways. The last survey was done in 1991.

Caltrans is already working with regional transportation planning agencies to integrate regional and state transportation infrastructure plans. The end product—a GIS map and database—will be completed by June of 1999 and will depict the transportation system that would result from implementing all facility developments proposed in all the plans over the next 20 years. The data are then used to evaluate the transportation system by identifying unmet needs, gaps and conflicts. This inventory and analysis is a critical first step toward developing a long-term transportation strategy for California.

**Seismic Research Program.** The Loma Prieta and Northridge earthquakes and new computer models have yielded important new seismic ground motion information. Seismic ground motions well in excess of current design levels have been recorded and even higher motions are being predicted.

The Budget provides \$6.8 million and three personnel years for seismic research directly related to improving and advancing design for bridge structures and to support a Government-Industry Partnership Program to research basic ground motion. The initial partners in the partnership effort are the Pacific Gas and Electric Company, the California Energy Commission, and the Pacific Earthquake Engineering Research Center at the University of California, Berkeley.



**Highway Transportation Operations.** To operate the state highway system safely and efficiently, Caltrans uses a variety of traffic-management technologies and systems, including freeway ramp meters, traffic loop detectors, transportation management centers and high-occupancy vehicle lane system management. The Governor's Budget proposes \$5.8 million and 42 personnel years for maintenance and operations to keep this infrastructure fully functional.

**Protection of the Transportation Investment.** The Budget provides a total of \$754 million for maintenance of the existing state highway system. This includes a proposed increase of \$63 million and 386 personnel years to protect the highway system by increasing safety-related maintenance activities and preserving roadbed and related infrastructure. This augmentation represents a nine percent increase in real spending for road maintenance to reduce substantially the amount of major rehabilitation in the future. Caltrans estimates this increased maintenance will save \$4 for every \$1 invested.

In addition, the Budget proposes \$3.6 million and 30.5 personnel years to continue for one more year the bridge painting pilot program started in 1998-99. Caltrans expects to develop better performance and cost estimates on which to base a request for a permanent bridge painting program for the State's 800 steel bridges. The Budget also includes \$3.6 million to complete the conversion of Caltrans' radio system to 800 MHz frequencies by purchasing new radio equipment in three districts—District 1, Eureka; District 2, Redding; and District 5, San Luis Obispo.

### Caltrans' Capital Program

In January 1998, the CTC adopted the 1998 fund estimate which identified \$8.3 billion in funds for the STIP and \$5.1 billion for rehabilitation and safety improvements for California's highway system.

Based on the 1998 STIP, the Budget reflects nearly \$4 billion in 1999-00 capital outlay expenditures for current and new highway construction projects. This amount includes \$683 million in State Highway Account funds, \$166 million in Seismic Retrofit Bond funds, \$320 million in Toll Bridge Seismic Retrofit Account funds, \$1.5 billion in federal funds, and \$1.3 billion in reimbursements for local projects contracted to Caltrans. In addition, the Budget proposes \$1.6 billion in subventions to local transportation agencies for current and new highway and off-highway system construction projects.

After the Commission adopted the 1998 STIP, Congress enacted TEA-21 which will provide California with \$860 million more in federal funds than anticipated over the six-year period of the STIP, as well as \$740 million more in subventions to local transportation agencies. In addition, other changes occurred which released funds for new programming: revised estimates of projects' cash flow produced \$600 million and revised reserves and revenues generated \$140 million.

These changes in fund availability prompted the Commission to develop an amended 1998 STIP fund estimate. A draft of an amended fund estimate was presented in December 1998 that identified an additional \$1.6 billion over a six-year period (as well as the \$740 million in local assistance subventions noted above). It is not yet known how much of these funds may be proposed for expenditure in 1999-00.

### Seismic Retrofit Program

Caltrans is retrofitting state-owned bridges to withstand a major earthquake. Enactment of seismic retrofit funding legislation—Chapter 327, Statutes of 1997 (SB 60), and Chapter 328, Statutes of 1997 (SB 226)—provided at least \$2.54 billion for seismic retrofit of the State's toll bridges. This amount includes \$790 million from the Seismic Retrofit Bond Act of 1996 (Proposition 192), \$745 million from the State Highway

Account, up to \$130 million from the Public Transportation Account, \$48 million from toll revenues raised on the Vincent Thomas and San Diego-Coronado toll bridges, and \$827 million or more from the Bay Area toll bridge surcharge.

Caltrans' Seismic Safety Retrofit Program is divided into four segments: toll bridge, phase 1, phase 2, and locally owned public bridges.

- ★ *The toll bridge retrofit program* includes work on seven of the nine state-owned toll bridges. The toll bridge retrofit program has 13 construction contracts planned to complete the retrofit needed on six of these toll facilities. Of these 13 planned projects, 1 is complete, 8 are under construction, and the other 4 are scheduled to begin construction in 1999. Additionally, the San Francisco-Oakland Bay Bridge will improved be seismically through a combination of retrofit and replacement contracts. The work from San Francisco to the tunnel on Yerba Buena Island will involve seven construction contracts (the number of contracts to complete the replacement of the east bay spans is yet to be determined). All seismic safety work on state toll bridges is projected to be complete by the end of 2004.

The Budget proposes \$405 million for toll bridge seismic retrofit using state transportation funds and revenue from the \$1 toll surcharge authorized by Chapter 327, Statutes of 1997. All bond funds available for toll bridge seismic retrofit were fully committed in 1997-98. The \$405 million estimate reflects support and capital costs for various bridges that will be under construction in the 1999-00. In June 1998, the Metropolitan Transportation Commission selected a single-tower suspension design to replace the East Span of the San Francisco-Oakland Bay Bridge. Construction is scheduled to begin in 1999-00.

- ★ *Phase 1* includes 1,039 state-owned bridges identified for strengthening after the Loma Prieta earthquake. To date 1,031 (99 percent) of them have been completed. The remaining eight bridges are under construction with completion projected in calendar year 2000. The current capital estimate for Phase 1 is \$815 million.

- ★ *Phase 2* includes an additional 1,155 state-owned bridges identified for strengthening in 1994. To date 1,087 (94 percent) of those structures have been completed. The remaining 68 bridges are under construction or in design with the final bridge projected for completion in 2003. The total Phase 2 budget is \$1.35 billion, and the Governor's Budget proposes \$223 million in expenditures for the Phase 2 Seismic Retrofit Program for 1999-00.

- ★ *The local agency retrofit program* currently covers 1,181 bridges with lead agency responsibility and current status as follows:

- ☆ Caltrans is the lead agency for 860 bridges. Of these, 127 are complete with the remaining 733 in various stages of construction or design.
- ☆ Los Angeles County is the lead agency for 286 bridges. Of these, 148 are complete with the remaining 138 in various stages of construction or design.
- ☆ Santa Clara County is the lead agency for 35 bridges. Of these, 31 are complete with the remaining 4 in various stages of design.

## Mass Transportation

**Intercity Rail.** Caltrans administers intercity passenger rail route services on two state-supported intercity rail routes—the *San Diegans*, which run between San Diego, Los Angeles, Santa Barbara, and San Luis Obispo, and the

*San Joaquins*, which travel between Bakersfield and Stockton and, beginning in 1998-99, Sacramento. Caltrans also provides funding to the Capitol Corridor Joint Powers Authority which administers *The Capitols*, operating between Sacramento, Oakland and San Jose.

The State contracts with Amtrak to provide intercity passenger rail services. The budget proposes \$750,000 to initiate a fourth scheduled train on the Capitol Corridor between Oakland, and San Jose.

**Public Transportation Account.** Due to constitutional restrictions on the use of gas taxes, the Public Transportation Account (PTA) is an important source of funding for mass transit activities that cannot be supported by the State Highway Account. These activities include intercity rail operations, transit capital improvements, and state subsidy of local mass transit operations. However, ongoing PTA expenditures exceed revenues, and the account currently is solvent only due to its fund balance. Transit funding needs and the PTA's fiscal ability to support them will be evaluated with other transportation priorities as part of the Administration's overall review of transportation policy and financing.

**State Transit Assistance Program.** This program consists of a general state subsidy for operation or expansion of local mass transit programs. The amount of funding for the program is dependent upon the level of revenues to the PTA, with one-half of the annual revenues to this account dedicated under statute to the State Transit Assistance program. The State Controller allocates these funds to individual local transportation agencies according to a formula which considers population and fare-box revenues.

The Budget proposes to allocate more than would be required under statute for the State Transit Assistance Program. The statutory allocation for 1999-00 would have been \$87.6 million, or \$12.7 million less than the

\$100.3 million provided to local transportation agencies in the 1998-99 Budget Act. However, the Budget proposes to continue the same level for local transit subsidies in 1999-00 as for 1998-99. Future funding depends on the outcome of the Administration's transportation policy development effort.

## DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) enhances driver safety by licensing drivers, regulating the vehicle sales industry, issuing identification documents, and collecting licensing and registration revenues. As part of this responsibility, the DMV collects vehicle-related fees for various state and local government programs and provides information from its driver's license and registration files. The Governor's Budget proposes \$596 million and 8,890 personnel years for support of the DMV in 1999-00.

The DMV is serving as the pilot department to demonstrate *Improving Service to the Public*, an Administration initiative. The Budget proposes an investment of \$713,000 for seven pilot projects to explore innovative ways to work better, at less cost, and with outcomes the public cares about.

The theme of DMV's proposals is to improve customer service at minimal cost to taxpayers. The seven projects include improving access by providing recorded information through the Local Talk feature of the Yellow Pages, expanding automated registration services for car dealers and other businesses, allowing the public to schedule appointments via the Internet, developing a prototype ATM-type device for customer self-service, redesigning the interactive voice response system in telephone service centers for better service in less time, speeding up waits in line through computer-based queuing systems, and requesting refunds via Internet e-mail. These proposals will help the DMV improve customer



convenience, reduce the need for field office visits, and test new electronic commerce applications on a small scale for possible future expansion.

The Budget also provides \$4.6 million for a two-year pilot project to lease new or upgraded telephone equipment in three telephone service centers (Campbell, Irvine, and Sacramento) and to establish a 1-800 toll-free number to improve statewide customer access to the DMV. The telephone equipment improvements and the toll-free number will improve customer service, manage call demand better, potentially reduce the need for field office visits, and provide valuable planning data to improve the department's business practices.

As part of its ongoing information technology modernization, the Budget proposes \$984,000 for activities leading to replacing the vehicle registration system and \$857,000 for business reengineering studies leading up to a project to replace the driver licensing system. Application programs to support registration and licensing date back almost 20 years. The current systems use a flat file structure which cannot be easily modified to handle new programs or accommodate database inquiries without extensive custom programming and separate file passes. These new systems will help the DMV modernize business practices, be more adaptable to changes, and improve responsiveness to information requests.

The Department's financial system was originally designed in 1960 and implemented at the DMV in 1980. The system is outdated, constraining the ability to comply with legislative mandates and expand services to customers through electronic commerce. The Budget proposes \$4.9 million and seven personnel years for the first phase of a four-phase, four-year project to replace the system with one using open (non-proprietary) programming with customizable components. Phase 1 will replace the general ledger, accounts payable, revolving fund, purchasing, and inventory components.

Chapter 1126, Statutes of 1996 (AB 650), requires owners to provide proof of insurance when registering a vehicle. On January 1, 2000, this law sunsets. The Budget proposes to continue this program and includes full-year funding of \$14.8 million and 441 personnel years. At the same time, the Administration will work with the insurance industry and other interested groups to identify ways to streamline the program, reduce its costs, and improve its effectiveness.

Much of the DMV's staffing is determined by a workload formula based on the average time to complete various customer transactions. The Budget proposes 104 personnel years and \$2.8 million to maintain customer service at currently authorized levels. This augmentation also funds increased costs for postage, license plates, registration stickers, and leases for the relocation of two field offices.

An additional \$3.8 million is proposed for the second year of the DMV's strategic facilities repair and maintenance plan. Projects include heating, ventilation and air conditioning repair, parking lot repairs, landscaping/irrigation, and painting. Over half of the DMV's facilities have been in the inventory for more than 21 years.

## HOUSING

### DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Department of Housing and Community Development (HCD) provides leadership and policy development aimed at expanding safe and affordable housing opportunities, administers housing finance, rehabilitation and economic development programs, and regulates manufactured housing and mobile home parks. The Governor's Budget proposes total expenditures of \$172.4 million and 475 personnel years for these activities.

**Redevelopment Funds for Low-Income Housing Preservation and Creation.** The Administration proposes \$2.5 million to develop a plan to address California's growing housing needs as well as the loss of low-income housing due to the expiration of federal housing contracts (referred to generally as Section 8 contracts). Over the years, the federal Department of Housing and Urban Development has provided financing and rental subsidies under the Section 8 program which led to the production of more than 100,000 affordable housing units for low-income individuals in California.

Recent changes in federal law have created an economic incentive for these units to convert to market-rate rent levels. The plan, which will be developed under the direction of the Secretary for the Business, Transportation and Housing Agency and the Director of Housing and Community Development, will include proposals to maximize the use of existing set-asides of low and moderate income housing funds under the control of redevelopment agencies.

Existing law requires redevelopment agencies to set aside 20 percent of their income to create or rehabilitate low- and moderate-income housing and provides time limits for spending these funds. However, substantial balances of about \$500 million in uncommitted funds have been available for the last several years.

**"Sweat-Equity" Affordable Housing.** The HCD currently operates the Self-Help Housing Program with a base budget of \$1 million. The program provides technical assistance grants to eligible nonprofit sponsors (i.e., Habitat for Humanity) for training and supervision to groups of 8 to 12 families, who work together and provide "sweat equity" to build each others' home. The Administration recommends doubling those funds for an annual funding level of \$2 million. The augmentation will assist in the development of 220 residences and leverage

\$20 million in permanent financing (\$7 million in federal funds and the \$13 million in California Housing Finance Agency bond funds).

**Farmworker Housing.** The Budget proposes \$2 million for the Farmworker Housing Grant Program which provides grants to local government and nonprofit entities to build or rehabilitate owner-occupied housing and rental housing for low-income, year-round farm workers and their families. The 1997 Budget Act provided a one-time appropriation of \$4.5 million, which is projected to be fully allocated by the end of the 1998-99 fiscal year.

**Migrant Worker Housing.** Additionally, the Budget includes \$5.9 million from the General Fund and one position to continue a multi-year program of rehabilitating state-owned housing for migrant workers. The funds will be used to rehabilitate 97 housing units at the Williams Migrant Center in Colusa County, 102 housing units at the Arvin Migrant Center in Kern County, 33 housing units at the King City Migrant Center in Monterey County, and 77 housing units at the Empire Migrant Center in Stanislaus County.

**Welfare-To-Work Transition Housing.** The HCD currently administers a loan program to assist in the development of community housing and congregate housing developments. This activity is now limited primarily to servicing existing loans. The Governor's Budget proposes \$5 million to reformulate and expand this effort under a new title: the Families Moving to Work Program. The Administration will support legislation to modify the existing program to facilitate the development of shelter, child care, and employment training and referral services for CalWORKs-eligible individuals transitioning from welfare to self-sufficiency.

**Regional Housing Needs Mandate.** The Budget continues funding for the Regional Housing Needs mandate, which had been suspended prior to the 1998-99 fiscal year, by including \$850,000 to reimburse local governments for

their costs to develop regional and local housing plans. These plans ensure that local governments adequately plan for and accommodate the growth in regional population.

**Manufactured Home Workload.** The Budget also includes \$2.4 million in special funds and 41 personnel years as the full-year cost for a workload adjustment approved during 1998-99 in the Manufactured Home Registration and Titling Program. The funding will be used to eliminate a recurring backlog of titling and registration requests, as well as increase the baseline budget to handle workload resulting from increases in manufactured home sales spurred by the state's improved economy.

## BUSINESS

### STEPHEN P. TEALE DATA CENTER

The Stephen P. Teale Data Center assists state agencies and departments in meeting their business objectives through a diversified range of quality information technology services and products. The Budget proposes total expenditures of \$83.5 million and 371.7 personnel years.

The Budget includes \$2.4 million from the Data Center's revolving fund and one position to purchase and manage additional mainframe processing and direct-access storage device capacity. An additional \$2.2 million has been provided to pay for facility relocation expenses as the Data Center prepares to relocate to a new facility in Rancho Cordova.

As a result of client billing rates that have been higher than actual costs, the Data Center's revolving fund has accumulated a large fund balance. Therefore, the Budget proposes to return the unneeded portion of this balance back to the funds which contributed to it.



# JUDICIAL BRANCH

California's judicial authority is vested by the State Constitution in a tripartite court system composed of the Supreme Court, the Courts of Appeal, and the trial courts. The Administrative Office of the Courts (AOC) provides support to the Supreme Court, the Courts of Appeal, the trial courts, and the Judicial Council. Judicial discipline is administered by the Commission on Judicial Performance. At the local level, the trial courts consist of the unified superior courts, the superior courts, and the municipal courts.

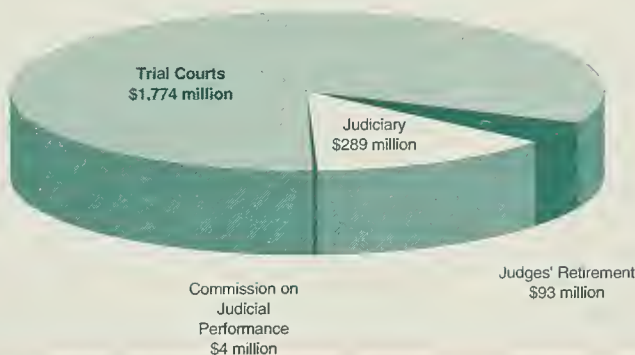
For fiscal year 1999-00, the Governor's Budget proposes approximately \$2.160 billion for the Judicial Branch in combined General Fund, special funds, federal funds, and reimbursements: \$289 million (\$238 million General Fund) in state operations and local assistance for the Judiciary; \$3.6 million General Fund for the Commission on Judicial Performance; \$1.774 billion (\$814 million General Fund) for the trial courts; and \$93 million (\$83 million General Fund) for the judges' retirement costs (see Figure JB-1).

**Judiciary.** The 1999-00 Judiciary Budget (Supreme Court, Courts of Appeal, AOC, and Habeas Resource Center) totals \$289 million, \$243 million for state operations and \$46 million for local assistance, an increase of \$27 million (\$26 million General Fund) over the revised 1998-99 Budget of \$262 million. The Budget includes \$10 million General Fund in baseline adjustments for compensation increases, annualized costs and new rent costs, and \$16 million General Fund in augmentations for high priority and workload issues in the Judiciary. These issues include addressing growth in caseload, pilot projects in the appellate courts for community outreach and diversion of caseload into alternative dispute resolution, and increased resources for the Judicial Council and the AOC to provide various administrative support services to the trial courts in response to the Lockyer-Isenberg Trial Court Funding Act of 1997 (Chapter 850, Statutes of 1997).

**Task Forces.** Chapter 850 also established two task forces to review employee and facility issues related to the courts.

FIGURE JB-1

Total Judicial Branch Expenditures  
1999-00



The Task Force on Trial Court Facilities was established to study and make recommendations related to the funding of trial and appellate court facility maintenance, improvement, and expansion. Other than minor indoor remodeling and maintenance, court facility costs are currently the responsibility of the counties in which the facilities are located. The facilities task force is expected to submit its first interim report of findings on July 1, 1999,

and a second interim report on January 1, 2001. Its final report is expected on July 1, 2001.

The Task Force on Trial Court Employees is to examine trial court employee issues and make recommendations to the Administration and the Legislature concerning the future personnel structure of trial court employees. Currently, most trial court employees are county employees. Task force responsibilities also include submitting the issue of employment status to an advisory vote of trial court employees in each county. An interim report is due January 1999, and a final report is due from the task force on January 1, 2000. The final report is to include findings and recommendations on establishing a system of uniform court employee classifications.

**Trial Court Funding.** The 1999-00 Trial Court Funding Budget totals \$1.774 billion (\$814 million General Fund), \$108 million (\$115 million General Fund) over the revised 1998-99 Budget of \$1.666 billion (\$699 million General Fund). The 1999-00 Budget includes General Fund augmentations of \$20 million to address increased costs due to salary increases of trial court employees at the local level, \$34.4 million to address high priority and workload issues in the trial courts, \$10 million for the Judicial Administration Efficiency and Modernization Fund, and \$48 million for increased ongoing county maintenance-of-effort (MOE) relief.

To provide additional financial resources to the trial courts, Chapter 850 increased existing civil fees and created various new civil fees. When coupled with the existing fee authority, this new authority was expected to generate \$88 million, providing a total of \$244 million in civil fee revenue. However, it is estimated that only \$158 million will be realized in total civil fee revenue, resulting in an \$86 million revenue shortfall. In 1998-99, the General Fund has backfilled \$43 million of the shortfall, and the AOC will address the remaining \$43 million through various cost saving measures. For

1999-00, the General Fund will continue to backfill \$43 million, and the AOC is expected to seek additional civil fee revenue for the trial courts.

**Trial Court Reform.** Pursuant to Chapter 850, beginning in 1997-98, funding for the trial courts, with the exception of costs for facilities, local judicial benefits, and revenue collection, was consolidated at the state level. The counties' contributions for both their general fund and fine and penalty amounts were capped at revised 1994-95 levels, thus establishing a MOE requirement for both. The State assumed responsibility for future growth in trial court funding, and the bifurcated budget process for trial courts was eliminated.

The county general fund MOE amount for the smallest 20 counties was repealed in 1998-99. Additionally, beginning in 1999-00, Chapters 406 and 1017, Statutes of 1998, repealed the county general fund MOE amounts for the next 18 smallest counties and reduced the county general fund MOE amounts for the remaining 20 counties by 10 percent, at a prospective General Fund cost of \$96 million. However, due to the need to close the gap between projected General Fund revenues and expenditures and the fact that the MOE relief would not be effective until July 1, 1999, the Budget proposes postponing \$48 million of the \$96 million relief. Legislation will be proposed to amend Chapters 406 and 1017, reducing the county general fund MOE of the 18 counties by 50 percent instead of 100 percent and for the remaining counties by 5 percent instead of 10 percent. While this relief will be less than the amount previously anticipated by the counties, the resulting 1999-00 state share of court funding will increase from 67 percent to 72 percent.

**Unification.** Proposition 220, adopted in June 1998, permits counties to unify their superior and municipal courts. As of November 1, 1998, the unified courts were authorized 804 judgeships. Unified superior courts exist in those counties in which the judges have voted to unify superior

and municipal court functions to achieve countywide efficiencies in operation and caseload processing. With the expected unification of most state trial courts, the superior courts will have approximately 19,000 employees in 1999-00; municipal courts and staff will have been absorbed into the unified court system in each county. The Budget includes \$4.6 million to address salary costs resulting from increasing municipal judges' salaries to the level of superior court judges' salaries in those trial court systems that have voted to unify.

**The Judicial Administration Efficiency and Modernization Fund.** The Modernization Fund was created by Chapter 850 and intended to provide funding for the trial courts in areas of court technology advancement and court case processing enhancement. The Budget includes \$10 million from which the trial courts are to prioritize and address their most pressing information technology issues.





## DEPARTMENT OF INSURANCE

The principal objective of the Department of Insurance (DOI) is to protect insurance policy holders in California. To accomplish this objective, the DOI conducts examinations of insurance companies and producers to ensure that operations are consistent with the requirements of the Insurance Code. The Budget proposes \$129.9 million and 1,150 personnel years for DOI.

### Holocaust Victims and Unpaid Insurance

**Claims.** Chapter 963, Statutes of 1998, appropriated \$4 million in 1998-99 to the DOI to coordinate, research, and investigate unpaid insurance claims by Holocaust victims and their beneficiaries. This legislation also requires that funding for subsequent fiscal years be included in the Budget Act and be based on a plan submitted by the Commissioner to the Legislature outlining a plan for reimbursement of expenses of the Department by affected insurers.

Although the Insurance Commissioner had not submitted the required plan at the time of this writing, the Governor is supportive of efforts to ensure that beneficiaries of insurance policies for Holocaust victims are appropriately compensated by insurers. Therefore, the Budget proposes a \$1 million General Fund loan to the Insurance Fund for the purpose of allowing the DOI to continue investigating and resolving insurance claims resulting from the Holocaust. Transfer of the General Fund loan would be contingent upon the Commissioner submitting a report to the Governor and Legislature which outlines the DOI's plan for reimbursement of its related costs from insurers and which provides an analytical basis to evaluate the estimated costs.

**Review and Examination of Insurance Companies.** The Budget proposes \$1.2 million Insurance Fund and 14 personnel years to address increased workload related to consumer protection. This additional funding will permit the DOI to meet the statutory requirement of reviewing or

examining every insurance company in California over a five-year period. The reviews and examinations will focus on insurance companies' sales and marketing practices, as well as rate setting policies, to ensure that companies are meeting Insurance Code requirements.

## SECRETARY OF STATE

The Secretary of State (SOS) is the chief election officer of the State and is responsible for the administration and enforcement of election laws. The office is also responsible for the administration and enforcement of laws pertaining to filing documents associated with corporations and limited partnerships and for the preservation of documents and records having historical significance.

**Voter Registration and Outreach.** The Budget continues to provide approximately \$2.2 million for printing and distribution of voter registration cards. It is essential that this funding be used to ensure voter participation in the electoral process. In this regard, additional funding to provide voter outreach and registration would be warranted only if quantifiable measures are developed which demonstrate the success of the existing program and clearly show how the provision of such funding would result in additional voter registration and turnout at the polls.

**Confidentiality for Victims of Domestic Violence.** Chapter 1005, Statutes of 1998, requires the SOS to implement a program to process mail received on behalf of domestic violence victims, thereby assisting these victims in concealing their addresses from potential aggressors. The Budget includes \$519,000 General Fund in fiscal year 1999-00 for the full-year costs of this program.

## BOARD OF EQUALIZATION

The Board of Equalization administers 19 tax programs, including the sales and use tax and motor vehicle fuel tax. In total, these programs generate over \$33 billion for the support of state and local government activities and contribute approximately 33 percent of the General Fund revenue. The 1999-00 Governor's Budget proposes total expenditures of \$290.6 million and 3,995 personnel years.

The Budget also provides \$4.9 million from the General Fund and \$1.1 million in local government reimbursements to hire 118 audit staff. Based on historical return rates, these additional audits are projected to generate \$19 million in additional revenue (\$14 million in General Fund revenue and \$5 million in local revenue) during 1999-00, increasing to \$25 million (\$19 million in General Fund and \$6 million in local revenue) annually thereafter.

The Budget includes an increase of \$1.7 million in General Fund and a corresponding decrease in reimbursements from local government to implement Chapter 890, Statutes of 1998. This chapter increases net revenues for special taxing jurisdictions (such as local transportation authorities) by placing a cap on the amount of administrative costs that the Board can charge the districts to collect their portion of sales and use taxes.

To ensure that statewide property tax assessment standards for tangible assets in California are both fair to the business community and provide stable tax bases for local jurisdictions, the Administration will continue to examine the potential impact of updated replacement cost factors and economic life tables used in the valuation of state and locally assessed properties, and may review any funding needed for updating the factors and tables in the spring of 1999.

## FRANCHISE TAX BOARD

The Franchise Tax Board administers the personal income tax, bank and corporation tax, and several non-tax collection and audit programs which together contribute 62 percent of the General Fund revenue. The 1999-00 Governor's Budget proposes total expenditures of \$377 million and 5,356 personnel years to support the Board.

The Budget includes \$1.8 million from the General Fund and 22 positions for an automated return validation, billing and accounting system to process taxes for the rapidly growing population of limited liability companies. In addition to processing this increasing workload on a timely basis, the system will generate at least \$8 million in additional General Fund revenue beginning in 2000-01.

In addition, the Budget reflects \$6.9 million for the second year of the Integrated Non-filer Compliance Project. This project is redesigning and expanding the filing enforcement system for the personal income tax to use additional sources of data in identifying non-filers and eliminating incorrect or unnecessary contacts with taxpayers. The Board expects to generate \$19 million in additional General Fund revenues for 1999-00, increasing to \$36 million annually when the project is fully implemented in 2002-03.

The Governor's Budget provides \$3.4 million and 58 positions to increase the board's audit and collection activities. Based on historical return rates, these additional audits will generate \$18 million in additional General Fund revenues in 1999-00, increasing to \$34 million annually thereafter.

The Budget also provides \$500,000 and 13 positions to reduce taxpayer waiting when calling the Board's Taxpayer Services Call Center. The Board also installed new equipment in the



call center during 1998-99 that will allow it to handle call volumes better and analyze specific reasons for taxpayers calls.

The Bank and Corporation Tax Automation Project has been completed successfully, so the Board's budget has been reduced by \$8 million in contract vendor payments. This six-year project replaced an outdated system and is projected to produce new annual revenues of \$73.7 million.

Furthermore, the Governor's Budget proposes an annual savings of \$9 million for the General Fund by repealing the Business Tax Reporting mandate created by Chapter 1490, Statutes of 1984. This mandate required local governments to provide the Board with information on local business license taxpayers. However, the value of that information has diminished due to the reductions in the minimum corporate tax enacted in 1998.

## DEPARTMENT OF GENERAL SERVICES

The Department of General Services (DGS) is responsible for management review, control, and support of state agencies as assigned by the Governor and specified in statute, providing support services to operating departments to achieve greater efficiency and economy than they can individually provide for themselves, and increasing effectiveness and economy in the administration of state government by establishing and improving policies and guidelines. The Budget proposes \$612.9 million and 3,742 personnel years for DGS.

**Emergency Telephone Program—911.** The primary objective of the 911 Program is to provide every California citizen with the most efficient and up-to-date means of obtaining emergency law enforcement, fire, and medical assistance in the most cost-effective manner possible.

The Budget includes \$4.9 million from the Emergency Telephone Number Account to implement a five-year replacement plan for 911

switching equipment at various locations around the State. Additionally, because of the high priority afforded public safety, and to ensure that California is in the forefront of providing its citizens the highest, most effective level of emergency response through the 911 Program, the Director of General Services will be involved in the development of a detailed strategic plan for the 911 Program. The plan will address the emerging challenges of the next century, including changes in technology, federal requirements, and increased cellular telephone and other wireless communications device usage.

**School Facility Fees Offset.** Chapter 407, Statutes of 1998, appropriated \$160 million General Fund to the DGS for deposit in the new School Facilities Fee Assistance Fund for four new programs to assist low and moderate income home buyers and renters who are most affected by the impact of school facility fees on the cost of new housing. The DGS is required to contract with the California Housing and Finance Agency to administer the four programs. The \$160 million will be rescheduled through legislation to reflect the years of intended expenditure. Accordingly, the Budget reflects expenditure of \$20 million in 1998-99 and \$40 million in 1999-00.

## STATE TEACHERS' RETIREMENT SYSTEM (STRS)

Chapter 460, Statutes of 1990 (Elder Full Funding Act), required the General Fund to make annual payments to the Teachers' Retirement Fund (TRF) in an amount equal to 4.3 percent of the prior years' total statewide payroll for teachers. The purpose of this payment was to reduce, and eventually eliminate, a long standing TRF unfunded liability. Due to a steadily increasing teacher payroll, low wage inflation and excellent investment returns, by 1997 the unfunded liability was significantly reduced. The most recent actuarial valuation of the TRF, as of June 30, 1997, indicated the liability would be eliminated by June 30, 2000. Chapter 967,

Statutes of 1998, changed the requirement for the annual General Fund payment to the TRF from 4.3 percent to 0.524 percent of the annual teacher payroll to payoff the remaining unfunded liability. This enabled the State to provide additional funding, equal to 3.1 percent of annual teacher payroll, for enhanced benefits in order to recruit and retain teachers, an Administration priority.

The 1998 Budget Act requires that the STRS complete an actuarial valuation of the system as of June 30, 1998. It is anticipated that this valuation will indicate the system is fully funded and the General Fund will not be required to make the 1999-00 payment of \$85.5 million. However, in the event the required valuation reveals a remaining unfunded liability, funding will be included in the May Revision.

## TRADE AND COMMERCE AGENCY

The Trade and Commerce Agency serves as the State's primary organization for promoting business development and job creation and retention efforts. Business development activities include: assisting in-state expansion of companies; encouraging the growth of emerging industries, technologies, and small businesses; identifying international trade opportunities and assisting exporters and foreign investors; and providing business assistance services through four regional economic development offices within California.

In providing business assistance services, the Agency works directly with domestic and international businesses and consortia of businesses, research and academic institutions, economic development corporations, chambers of commerce, regional visitor and convention bureaus, and permit-issuing governmental agencies. These efforts aid the development of California's economy by retaining or expanding specific business operations in the State, as well as by marketing California's overall business climate. Services to the business community are

provided through the Offices of Permit Assistance, Strategic Technology, Business Development, Tourism, Marketing and Communications, California-Mexico Affairs, and the California Film Commission.

The Trade and Commerce Agency, with input from the business community, will be reviewing state international trade and investment programs to seek ways to increase California's competitiveness. The review will focus on removing trade barriers as part of improving reciprocal trade relations with the state's trading partners. The Secretary for Trade and Commerce will also immediately commence the planning of a trade mission to Mexico in conjunction with interested members of California's business community.

The Budget proposes total expenditures of \$67 million and 322 personnel years for the Trade and Commerce Agency, which includes \$3 million from the General Fund to continue the Defense Adjustment Matching Grant Program which had otherwise been scheduled to sunset. The Program provides part of the matching funds local communities need to secure federal grants for defense-related economic adjustment or development projects.

## CALIFORNIA ARTS COUNCIL

The California Arts Council is responsible for promoting artistic awareness, participation, and expression in California. The Council helps local groups develop their own arts programs, promotes the employment of artists in both the public and private sector, and supports the State's broad economic, educational, and social goals through the arts. The Council provides local assistance grants to organizations and individuals to design and carry out quality arts programs to achieve these objectives. The Budget includes total funding of \$29 million and 39 personnel years to carry out the Council's programs.



**California Arts Programs.** The Budget includes \$6 million to continue the discretionary funding provided in 1998-99, including \$2.5 million for the Organizational Support Grants Program, \$1.4 million for the Artists in Residence Program, and \$1.1 million for the Statewide Projects Program.

**Simon Wiesenthal Center, Museum of Tolerance.** The Budget provides \$2 million to continue a program initiated in 1998-99 which provides training to teachers in K-12 public schools on tolerance and diversity. This \$2 million will provide training to approximately 5,000 teachers.

**Local Arts Education Program.** The Budget also proposes an additional \$257,000 for the Local Arts Education Program which is funded by the proceeds from the sales of graphic design license plates.

## DEPARTMENT OF INDUSTRIAL RELATIONS

The Department of Industrial Relations (DIR) seeks to protect the workforce, improve working conditions, and advance opportunities for profitable employment. For 1999-00, the Governor's Budget proposes \$223.7 million and 2,523 personnel years for DIR.

**Industrial Welfare Commission (IWC).** Consistent with the Governor's stated intention to restore the eight-hour day, the Budget proposes \$429,000 and four positions to restore funding for the IWC. The IWC is authorized to adopt Wage Orders that affect wages, hours, and conditions of labor and employment in California. The funding included here is necessary to support the ongoing operations of the Commission.

**Workers' Compensation Administration Revolving Fund (WCARF).** The Budget includes \$91.7 million (\$74.2 million General Fund, \$17.5 million WCARF) for the Division of Workers' Compensation (DWC). To partially support this program, the Budget also anticipates enactment of legislation to reestablish DIR's

authority, which expires January 1, 1999, to assess employers for a portion of the costs of the DWC. These assessments are deposited in the WCARF and currently provide 20 percent of the funding for the DWC.

**Targeted Inspection and Consultation Program.** The Budget includes \$6.2 million for the Targeted Inspection and Consultation Program, which provides consultation and inspection services intended to reduce injuries, illnesses, and workers' compensation losses of employers in these industries. The Budget also anticipates enactment of legislation to continue DIR's authority, which is currently scheduled to sunset on January 1, 2000, to assess employers in industries with the highest incidence of preventable injuries for the costs of the Program. These assessments are deposited in the Cal-OSHA Targeted Inspection and Consultation Fund and fully support the Program.

## BOARD OF CONTROL

The State Board of Control (BOC) compensates victims of violent crime and eligible family members for certain crime-related financial costs, considers civil claims against the State, and protects the public against improper acts of state agencies. The Budget proposes \$124.4 million and 350 personnel years for the BOC.

**Victims of Crime Program.** The BOC contracts with 20 counties to provide claims processing services for the Victims of Crime Program. To assure timely processing of victims claims, the Budget proposes an increase of \$500,000 Restitution Fund to cover projected increases in county costs.

The Budget also reflects the Administration's strong support for timely payments of claims to the victims of crime by including \$737,000 (\$25,000 General Fund and \$712,000 Restitution Fund) to enable the BOC to fill vacant positions. Filling these positions will shorten the time frame in which claims are paid to victims of violent crimes.



## MILITARY DEPARTMENT

The Military Department is responsible for the command, leadership, and management of the California Army and Air National Guard. The purpose of the National Guard is to provide military service supporting the State as well as the nation. These services are provided through 127 armories, 10 air bases, and 3 army bases located throughout California. The Budget proposes \$60.2 million and 648 personnel years for the Military; the Military receives an additional \$399.6 million in federal funds which are not deposited in the state treasury.

**Temporary Housing for the Homeless.** One of the primary missions of the National Guard is to ensure the safety of the citizens of California in emergency and disaster situations, including making armories available to support civil authorities. The Budget includes \$1 million General Fund to continue the homeless shelters program at various National Guard armories during the winter months. The Administration will seek legislation to extend the sunset date (March 31, 1999) for the Temporary Emergency Shelter Program authorized in Government Code Section 15301(a), until a permanent source of funding can be identified. This issue may be addressed in the context of discussions regarding the fiscal relationship between the State and local governments.

## DEPARTMENT OF VETERANS AFFAIRS

The Department of Veterans Affairs is responsible for providing services to veterans and to the dependents of veterans. The Department administers the Cal-Vet home loan program, assists veterans in obtaining benefits to which they are entitled under state and federal law, and supports veterans homes operating in Yountville and Barstow, and the home in Chula Vista which will be opened in the spring of 2000. The veterans homes are retirement communities that provide complete medical and nursing care to eligible veterans. The Budget includes a total of

\$351 million and 1,546 personnel years for the Department. Also see write up regarding Veterans Affairs in the section titled "Honoring California Veterans."

**Chula Vista Veterans Home.** Construction on the Chula Vista Veterans Home is expected to be completed in February 2000 and the Department plans for veterans to begin residency in April 2000 with full occupancy of 400 residents estimated by July 2000. Nursing and medical staff will be available on site and the home will provide veterans with a full complement of medical services. Based on these time frames, the Budget proposes expenditures of \$14.6 million and 126 personnel years to staff and operate the home.

## EMPLOYEE COMPENSATION

The proposed Budget includes \$10.7 million from the General Fund for 1998-99 to fund compensation increases for those employees not yet covered under a collective bargaining agreement and who have not received an increase for over four years. This commitment is subject to good faith bargaining under the Ralph C. Dills Act. Also included for 1998-99, is \$6 million (\$5 million General Fund) to ensure sufficient funding for the compensation increases that have been ratified and were effective starting July 1, 1998.

For 1999-00, the proposed Budget includes \$190 million (\$100 million General Fund) to fund increases pursuant to good faith collective bargaining.

## THE YEAR 2000 CHALLENGE FOR CALIFORNIA

The Year 2000 problem, which is international in scope and affects both governmental and non-governmental sectors, has broad implications for California state government. The State's critical reliance on information technology in every aspect of its business requires that high priority

be placed on addressing Year 2000-related information technology compliance. The Department of Information Technology (DOIT) is the lead agency in ensuring that the State's information technology processes are fully functional as we enter the new millennium. The DOIT created a Year 2000 Task Force and a California 2000 Office to establish statewide policy requirements; to gather, coordinate, and share information; and to monitor statewide efforts in meeting the Year 2000 challenge.

As with all jurisdictions, both public and private, the scope of the Year 2000 problem for the State and the work associated with finding and resolving all aspects of the problem continued to grow as the Year 2000 problem became better understood. The State began by addressing computer software applications, but later recognized that computer hardware as well as other embedded microchip technology (products or systems that contain microchips to perform functions such as traffic control, instruments used in hospitals or medical laboratories, and California aqueduct monitoring) would need to be evaluated and potentially replaced or modified in order to function in the next century.

Recognizing the importance and the changing scope of this issue, the 1997 Budget Act included \$55 million for Year 2000 activities (\$25 million General Fund, \$25 million special fund, and \$5 million nongovernmental cost funds). The 1998 Budget Act included over \$39 million for Year 2000 activities in fiscal year 1998-99 (\$16.9 million General Fund, \$15.9 million special funds, and \$6.7 million nongovernmental cost funds).

The DOIT has done a commendable job of publicizing the Year 2000 problem to state government. No individual organization, however, has been charged with the responsibility for statewide Year 2000 compliance.

To ensure the State will be prepared with regard to the Year 2000, the Administration will appoint a task force for the purpose of immediately evaluating the State's most critical service delivery areas. The Administration will perform assessments to validate that mission critical services have been identified, and are ready to function smoothly in the new millennium. Should the evaluation uncover significant concerns about any mission critical activity, the Administration will recommend actions necessary to minimize the risk of failure and insure appropriate contingency plans are in place. As a result of the evaluation, the Administration may bring a request to the Legislature in the spring for additional funding in 1999-00. The 1998 Budget Act provides the Administration with authority to allocate funds during 1998-99, as needed, for this purpose.

In addition, the Administration also will urge state entities to think more broadly regarding the Year 2000 problem. Departments must assess their ability to meet mandates that may also depend on private vendors' readiness. This dependency may be due to the automated systems interfaces between the State and vendors (such as the Department of Motor Vehicles receiving registration data electronically from automobile dealerships); or affected by the vendors' ability to accept orders and deliver goods, such as food providers for prisons. Departments must consider the implications that failures outside of their systems could have on mission critical systems.

It is also imperative that each department have a contingency plan in place to ensure delivery of programs and services for the year 2000.





# CAPITAL OUTLAY

The Governor's Budget proposes \$1.1 billion in expenditures for the capital outlay program, excluding highways and K-12 schools. Included in this amount is \$658.3 million for continuing phases of previously approved projects. Funding for this program comes from a number of sources including: General Fund, various special funds, general obligation (GO) bonds, lease-revenue bonds, and federal funds.

Project funding requests are categorized as follows, and only the highest priority requests are proposed in the Budget:

**Continuing Projects.** Continuing phases to complete previously approved projects.

**Higher Education.** Capital outlay projects with emphasis on vital infrastructure, fire-life safety and future growth for higher education.

**Correctional Public Safety.** Projects directly tied to capacity or correctional program requirements (e.g., correctional mental health facilities).

**Other Public Safety.** Non-correctional projects directly linked to a public safety concern (e.g., Office of Emergency Services operations center, Department of Justice crime labs, and Department of Forestry facilities).

**Fire and Life Safety.** Projects for code violations or other infrastructure integrity concerns which have a direct impact on the safe use of the facility or real property (e.g., potable water systems, asbestos removal, seismic improvements).

**Other Critical Infrastructure.** Projects to maintain critical program performance from a structure or piece of real property (e.g., restorations to keep a facility open; facility changes driven by caseload, workload, population pressures, statutory, or other mandatory changes).

**Environment/Resource Stewardship.** Projects to protect and enhance natural resources for public enjoyment and habitat conservation (e.g., conservancy acquisitions, wetlands restoration, watershed improvement, park projects, boat ramps).

**All Other.** Any project not included in the priorities listed above.

The following figures summarize the proposed 1999-00 capital outlay program by agency (Figure CO-1) and by project category (Figure CO-2).

Highlights of the 1999-00 capital outlay program contained in the proposed Budget are as follows:

FIGURE CO-1

Recommended Funding Included in Governor's Budget by Agency

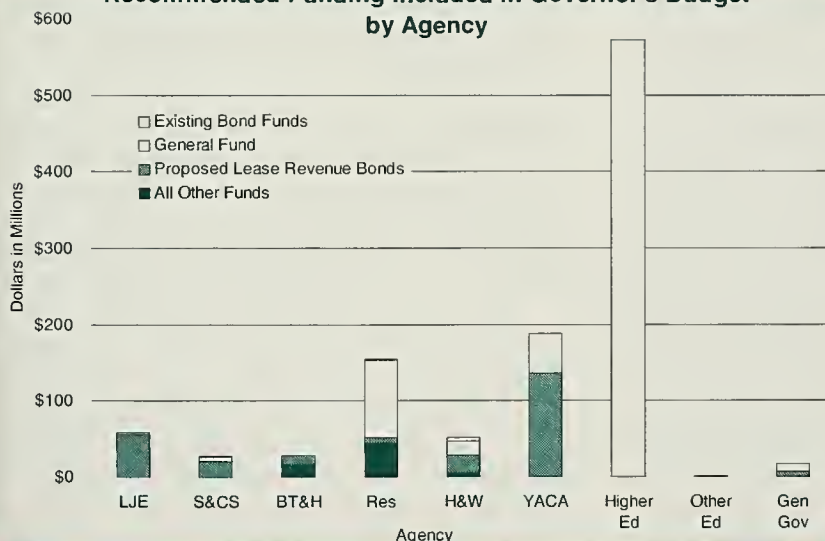
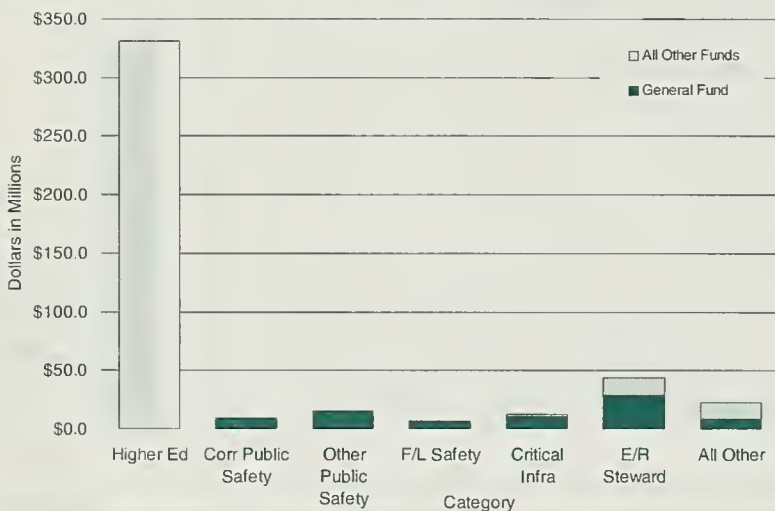


FIGURE CO-2

**Project Category for New Projects Proposed  
in the Governor's Budget**



**Higher Education: \$572.4 million from general obligation bond funds provided by Prop 1A on the November 1998 ballot.** Included is \$209.8 million for the University of California (UC), \$209.5 million for the California State University (CSU), and \$153.1 million for the California Community Colleges (CCC).

This amount includes \$47 million to allow UC to complete six previously approved projects at five campuses. The amount of \$162.8 million will allow UC to address 16 new projects at 8 campuses, placing priority on seismic, fire and life safety, and vital infrastructure projects. Examples of UC projects include: upgrades for seismic, fire and life safety; correction of code deficiencies; and vital infrastructure improvements, such as electrical utility network improvements at the Davis campus and repair of the sewer system at the Santa Barbara campus. Future growth projects are also included which will provide new or renovated space for programs at San Diego, Santa Cruz, Irvine, and Santa Barbara

campuses. UC is currently re-evaluating the Berkeley campus seismic program in light of the implication of recent earthquakes and the award by the Federal Emergency Management Administration of \$42 million for Berkeley facilities.

The amount proposed for CSU includes \$138.4 million for the completion of 11 previously approved projects at 9 campuses. Funding of \$58.4 million will permit CSU to address 12 new major projects at 11 campuses. An additional \$12.7 million is provided for minor projects at CSU's 22 campuses. CSU's funding places priority on seismic, fire and life safety, and vital infrastructure projects, such as the sewer infrastructure improvements proposed for the Pomona campus. Funding is also proposed to upgrade the critical infrastructure components of the telecommunication system at six campuses. CSU's funding also includes projects to correct serious code deficiencies, projects to address existing space deficits, and three projects which address future growth needs of the Bakersfield, Fullerton, and San Jose campuses.

The Budget proposes to continue the flexibility for UC and CSU to use project savings from capital outlay projects for other high-priority capital outlay needs, such as beginning working drawings on approved projects or funding minor capital outlay projects.

Over the last decade, UC and CSU have successfully managed approximately \$3.4 billion in state-funded capital outlay projects. The Budget continues to provide the segments with the requisite flexibility and authority for expeditious infrastructure development and administration within legislatively approved parameters of budget and scope.

The \$153.1 million proposed for CCC provides for a total of 93 projects at 69 campuses. Funding includes \$123.1 million for the continuing phases of 45 previously approved projects at 39 campuses and \$29.9 million to begin 48 new projects at 30 campuses. Funding for new

projects includes the acquisition, development, and initial construction phases for two new campus centers, the Kings County Center as part of the West Hills Community College District and the Eastern Sierra Center as part of the Kern Community College District. CCC's funding also includes 10 projects for replacement and/or expansion of library facilities that will address serious space deficiencies, seismic concerns, and access to high technology infrastructure. Additional projects include program expansion, correction of fire and life safety deficiencies, and equipment to complete previously funded projects.

Proposed funding for 1999-00 is lower than the average amount of CCC's annual share of Proposition 1A funds, as more than half of the proposed projects include only preconstruction costs; future year costs for the continuing phases of these projects will be significantly higher.

#### **California Department of Corrections:**

**\$153.9 million General Fund and lease-revenue bonds.** The Budget proposes \$146.2 million (\$124.3 million lease revenue bonds) for the continuing phases of 16 previously approved projects and \$7.8 million to begin 11 new projects. The proposed new projects include design funding for: replacement of cell windows at the California Medical Facility, perimeter fence improvements at the California Rehabilitation Center, a water purification system at the Robert J. Donovan Correctional Facility, housing engineering improvements for the TB/HIV populations at the California Institution for Men and the California Medical Facility, and a facilities master plan for San Quentin State Prison.

**Military Department: \$72.7 million General Fund and federal funds.** The Budget includes \$69.4 million for continuing projects and proposes \$3.3 million for new projects. The \$3.3 million for proposed new projects includes: \$2.1 million (General Fund) for the acquisition of a site in Bakersfield for a new armory to alleviate

overcrowding at the Bakersfield P Street Armory, \$292,000 for a study and preliminary plans to construct a new San Francisco Organizational Maintenance Shop to replace the existing organizational maintenance shop, \$342,000 for a study and preliminary plans to construct a new Riverside Organizational Maintenance Shop to replace the existing organizational maintenance shop, and \$562,000 General Fund in minor capital outlay projects for statewide security lighting projects.

**Department of Justice: \$52.1 million General Fund and lease-revenue bonds.** The Budget includes \$51.4 million (\$50.2 million lease-revenue bonds) for the continuing phases of five previously approved criminalistic laboratory replacement projects in Ripon, Riverside, Fresno, Santa Rosa, and Santa Barbara. The Budget also includes \$710,000 (General Fund) for the acquisition and preliminary plan phases of a new project to replace the Redding criminalistic laboratory.

**Department of Mental Health: \$40.1 million General Fund, lease-revenue bonds and reimbursements.** The Budget includes \$39.6 million (\$22.7 million lease revenue bonds) for the continuing phases of previously approved projects, including a \$16 million placeholder for the continuation of preconstruction phases for a new facility to house and treat sexually violent predators. The Budget also includes \$536,000 for minor capital outlay projects.

**Department of the Youth Authority: \$34.2 million General Fund and lease-revenue bonds.** The Budget proposes \$29.5 million (\$11.7 million lease revenue bonds) for the continuing phases of ten previously approved projects and \$4.8 million to begin seven new projects. The proposed new projects include design funding for: a new fire alarm system, new security light fixtures and cell windows at Heman G. Stark Youth Correctional Facility; renovation of a lockup unit at Fred C. Nelles Youth Correctional Facility; construction of special education classrooms at



El Paso de Robles Youth Correctional Facility; and remodel of a visiting hall at Preston Youth Correctional Facility.

**Department of Forestry and Fire Protection (CDF): \$34.2 million General Fund and lease-revenue bonds.** CDF will undertake 55 major projects as well as a minor project program to make needed infrastructure improvements for public safety, fire and life safety, and critical infrastructure projects. Funding includes \$19.7 million (\$7.2 million lease revenue bonds) for the continuing phases of 22 previously approved projects and \$8.8 million for 34 new projects. The new projects include: relocating or replacing 18 forest fire stations due to structural deficiencies, expiring leases, urban encroachment, and other concerns; replacing or improving three undersized, outmoded air attack and helitack bases; replacing one ranger unit headquarters due to structural deficiencies and undersized facilities; replacing/expanding an emergency command center to provide modern initial dispatch and expanded dispatch facilities; and improving five conservation camps by providing needed apparatus, office, and warehouse buildings.

**Department of Water Resources (DWR): \$26.9 million General Fund and reimbursements.** The DWR's capital outlay program includes \$18.1 million General Fund and \$4.2 million from local reimbursements for the continuing phases of four previously approved flood control projects. In addition, DWR will spend \$4.1 million General Fund and \$450,000 from local reimbursements for five new flood control projects including three feasibility studies; bridge replacements, and a levee repair project.

**Department of General Services: \$26.4 million General Fund, existing general obligation bond funds, and lease-revenue bonds.** The Budget includes \$23.2 million (\$21.1 million lease-revenue bonds) for continuing projects and proposes \$3.1 million General Fund for new projects. The \$3.1 million for proposed new

projects includes: \$2 million to correct fire and life safety deficiencies at the Resources State Office Building located in Sacramento, and \$1.1 million to correct fire and life safety and Americans with Disabilities Act deficiencies at the Blue Anchor Office Building located in Sacramento.

In addition, the Department will continue to work on various office consolidation projects in Sacramento and San Diego.

**Department of Parks and Recreation (DPR): \$25.9 million General Fund, special and federal funds, and reimbursements.** The \$25.9 million proposed for DPR provides for 13 projects and 12 programs. Funding includes \$18.3 million for nine previously approved projects and ten continuing programs and \$7.6 million for four new projects and two new programs. New projects include safety improvements at Bodie State Historic Park, critical infrastructure improvements at Sonoma Coast State Beach, environmental improvements at Sugar Pine State Park, and acquisition at the Chappie Shasta Off-Highway Vehicle Area. New programs include inholding acquisitions and a statewide minor project program.

**California Highway Patrol (CHP): \$20.4 million lease-revenue bonds and special funds.** The CHP will use \$4.4 million from the Motor Vehicle Account to initiate the planning phases for the renovation and expansion of three area offices to address serious space deficiencies, the construction of two new area offices to replace existing space deficient facilities, and for the completion of minor remodel projects. In addition, the Budget proposes to use \$11.2 million in lease-revenue bonds to purchase leased facilities in Banning and East Los Angeles, and \$4.8 million from the State Highway Account for the purchase of equipment for the Los Angeles Regional Transportation Management Center.

**Department of Boating and Waterways:**

**\$8.2 million special funds.** The Budget proposes \$5.2 million from the Harbors and Watercraft Revolving Fund for the continuing phases of five previously approved projects, \$175,000 for two new projects, and \$2.8 million for a minor project program. The two new projects include a recreational boating facility and a boating instruction and safety center.

**Department of Food and Agriculture:**

**\$7.6 million General Fund and lease-revenue bonds.**

The Budget includes \$6.9 million (\$6.5 million lease-revenue bonds) to fund continuing phases of the relocation project for the Truckee Agricultural Border Station. The Budget also proposes \$727,000 General Fund for new projects including \$411,000 to fund preconstruction phases for the relocation of the Yermo Agricultural Border Station and \$316,000 for minor capital outlay projects.

**Department of Motor Vehicles (DMV):**

**\$7.2 million special funds.** The Budget includes a combination of State Highway Account, Motor Vehicle Account, and Motor Vehicle License Fee Account funds to continue the hazardous materials abatement and renovation project at DMV's Sacramento headquarters. Funding includes the construction phase of the fourth floor and the planning phase for the first floor. In addition, the first floor planning will also incorporate the first phase of the seismic retrofit component of the project.

**Office of Emergency Services: \$6.7 million lease-revenue bonds.** The Budget includes \$6.7 million lease revenue bonds for equipment and furnishings to complete the Headquarters and State Operations Center project in Sacramento.

**Health and Welfare Data Center: \$5.5 million General Fund.** The Budget proposes the acquisition of the 118,000 square foot Health and Welfare Data Center building, which the State currently leases. Of the \$5.5 million, 4.0 million will be a General Fund loan to be repaid from

the Health and Welfare Agency Revolving Fund over six years, while \$1.5 million will be a General Fund expenditure.

**Department of Developmental Services:**

**\$3.5 million General Fund.** The Budget includes \$1 million for the continuing phase of a previously approved project at Porterville Developmental Center, and \$2.5 million to fund a fire and life safety improvements project at Agnews Developmental Center.

**Employment Development Department (EDD):**

**\$2.8 million federal funds and special funds.**

The Budget includes \$2.1 million for the continuing phase of the previously approved renovation project at the San Bernardino EDD office, and \$700,000 for new renovation and asbestos abatement projects at the Vallejo, Torrance, and Stockton EDD offices.

**State Special Schools & Services (SSS):**

**\$1.1 million General Fund.** Included in the Budget is \$1.1 million for two new major projects and one minor project to address public safety and critical infrastructure needs at three SSS facilities. The major projects include a health services facility at the School for the Blind-Fremont and middle school facilities at the School for the Deaf-Riverside.

**Franchise Tax Board (FTB): \$1 million General Fund.**

The Budget includes \$1 million for three new security improvement projects at the FTB field offices in Stockton, Los Angeles, and Santa Rosa.

**Department of Veterans Affairs:**

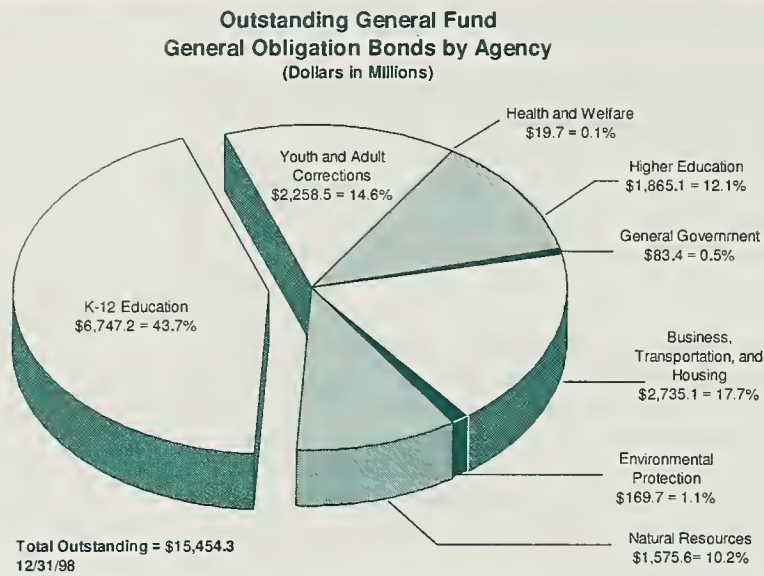
**\$900,000 General Fund.** The Budget includes \$900,000 for new fire and life safety, asbestos abatement, and renovation projects at the Veterans' Home of California at Yountville.

**Department of Transportation:**

**\$833,000 special funds.** The Budget includes \$683,000 for the planning phases for seismic retrofit projects at the Eureka and Redding District Office Buildings and \$150,000 for



FIGURE CO-3



studies, preplanning, and budget packages for continuing phases of these projects and for future projects.

**Department of Health Services:**  
**\$300,000 General Fund.** The Budget proposes funding for preliminary plans and working drawings for a new fire and life safety improvements project at the Southern California Health Services laboratory.

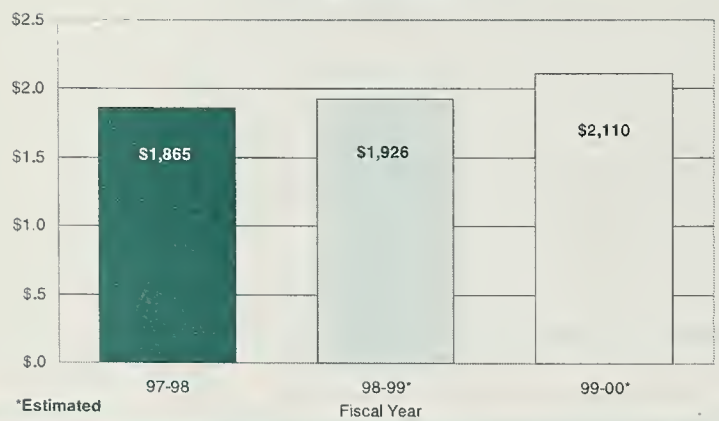
**Bonds**

Bonds finance a wide variety of projects benefiting the public: including schools, prisons, highways, rail transit, parks, water treatment facilities, natural resource acquisition and rehabilitation, and state office buildings.

**General Obligation (GO) Bonds.** California currently owes \$15.5 billion in principal on authorized non-self liquidating GO bonds as of the end of calendar year 1998. Figure CO-3 reflects outstanding bonds by agency. The cost to the State's General Fund for the payment of interest and redemption on these bonds is \$1.9 billion in 1998-99 and is estimated at \$2.1 billion in 1999-00 (see Figure CO-4).

FIGURE CO-4

**General Fund General Obligation Debt Service Expenditures**  
**1996-97 through 1998-99**  
(Dollars in Millions)



**Lease-Revenue Bonds.** The State also uses lease-revenue bonds to supplement the GO bond program. The lease-revenue method of financing projects has been used for higher education facilities, state prison construction, general-purpose office buildings, and other types of projects when a lease can be created which provides a marketable security for the issuance of the bonds.

Outstanding lease-revenue bonds totaled \$6.7 billion as of November 30, 1998 (see Figure CO-5), and are estimated to total \$6.9 billion as of June 30, 1999, and \$7.2 billion as of June 30, 2000. The cost to the State's General Fund for lease payments (principal and interest)



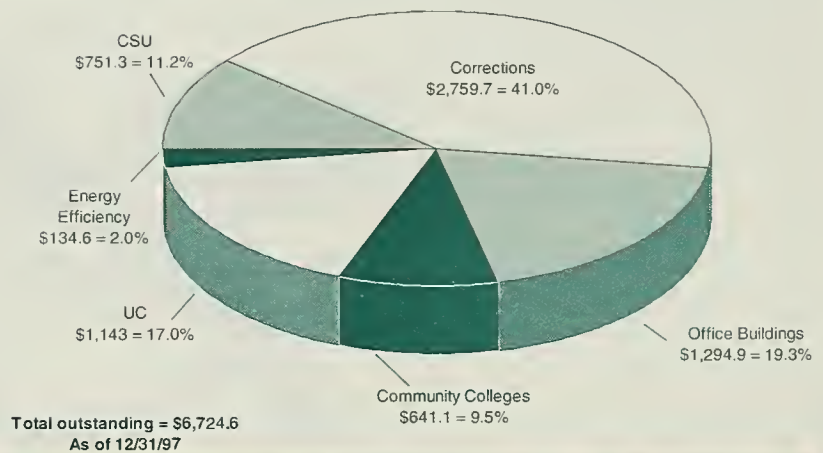
was \$358.3 million in 1997-98 and is estimated to be \$458.2 million in 1998-99 and \$514.7 million in 1999-00.

A common measure of bonded indebtedness is the ratio of net tax-supported debt to General Fund revenues. Using this measure, for 1998-99 California's debt is 4.5 percent and would rise to a maximum of 4.8 percent in 2001-02 if no other bonds are authorized. These statistics are based on general obligation debt, which relies on the General Fund for repayment (i.e., excludes self-liquidating GO debt), and on all lease-revenue debt.

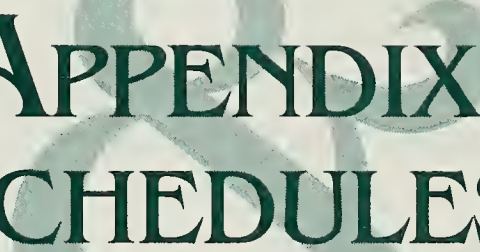
This debt measure will rise to 4.8 percent in 2000-01 if the bond programs proposed in the Budget are implemented.

**FIGURE CO-3**

**Outstanding Lease-Revenue Bonds**  
(Dollars in Millions)







# APPENDIX SCHEDULES



Appendix/Schedules  
Budgetary Process  
Glossary of Budget Terms  
Description of Fund Classifications in the State Treasury  
Description of Key Schedules

Schedules:

- Schedule 1 ..... General Budget Summary
- Schedule 2 ..... Total State Spending Plan
- Schedule 3A .... Total State Spending Plan by Generally Accepted Accounting Principles (GAAP) Fund Classification
- Schedule 3B ..... Comparison of California's Current Fund Structure and Recommended GAAP Fund Structure
- Schedule 4A .... Personnel Years and Salary Cost Estimates
- Schedule 4B ..... Positions and Salary Cost Estimates
- Schedule 5A .... Statement of Estimated Accounts Payable and Accounts Receivable
- Schedule 5B ..... 1997-98 Cashflow Statement
- Schedule 5C .... 1998-99 Cashflow Statement
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- Schedule 11 ..... Statement of General Obligation Bond and Commercial Paper Debt of the State of California
- Schedule 12A .. State Appropriations Limit Summary
- Schedule 12B... Statement of Revenues to Funds Excluded from the State Appropriations Limit
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- Schedule 12D .. State Appropriations Limit, Transfers from Excluded Funds to Included Funds
- Schedule 12E ... Expenditures Excluded from the State Appropriations Limit

# Budgetary Process

The Governor's Budget is the result of a process which begins more than one year before the budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through late December. In the event that the Governor wants to change the budget presented to the Legislature, including adjustments resulting from changes in population, caseload or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during budget hearings through Finance Letters. During late spring, usually May and June, the Department of Finance submits revised expenditure and revenue estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. The Department of Finance also prepares monthly economic and cash revenue updates during the fiscal year. Listed below are the key documents used in the budget process.

| Title  | Purpose   | Prepared/Issued By  | When                     |
|--|---|---|--------------------------|
| Budget Letters and Management Memos                    | Convey Administration guidelines for budget preparation to agencies and departments.  | Governor/Department of Finance  | January through December |
| Budget Change Proposal                                 | Document which proposes to maintain or change the existing level of service.  | Agencies and departments submit to Department of Finance for analysis | July through September   |
| Governor's Budget                                      | Governor's proposed budget for the upcoming fiscal year.  | Governor/Department of Finance  | January 10               |
| Governor's Budget Summary                              | A summary of the Governor's Budget.   | Governor/Department of Finance  | January 10               |
| Budget Bill  | Requests spending authorization to carry out Governor's expenditure plan (Legislative budget decision document).                    | Department of Finance/Legislature                                     | January 10               |
| Budget Analysis  | Analysis of the budget, including recommendations for changes to the Governor's Budget.   | Legislative Analyst   | February                 |
| May Revision of General Fund Revenues and Expenditures | Update of General Fund revenues, expenditures and reserve estimates based on the latest economic forecast.                          | Department of Finance   | Mid-May                  |
| Budget Act   | The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of Governor's vetoes. | Legislature/Governor  | Late June                |
| Final Budget Summary                                   | Update of the individual Budget Act items with changes by the Governor's vetoes, including budget summary schedules.                | Department of Finance   | Late July                |
| Final Change Book                                      | Update of changes to the detailed fiscal information in the Governor's Budget.  | Department of Finance   | Late July                |

# Glossary of Budget Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary and the annual Budget (Appropriations) Bill. Definitions are provided for terminology which is common to all publications. For definitions of terms unique to a specific program area, please refer to the individual budget presentation of interest.

## **Administration Program:**

The general program name used by departments for an accounting of central management costs such as the Director's Office, Legal Office, Personnel Office, Accounting and Business Services functions that generally serve the whole department, i.e., indirect or overhead costs.

"Administration-distributed" is the general program name for the distribution of indirect costs to the direct program activities of a department. In most departments, all administrative costs are distributed to other programs.

## **Allocation:**

A distribution of funds, or an expenditure limit established for an organizational unit or function.

## **Appropriation:**

An authorization from a specific fund to a specific agency or program to make expenditures/incur obligations for a specified purpose and period of time. The Budget Act contains many appropriations, or items. These appropriation items are limited to one year, unless otherwise specified. Appropriations are made by the Legislature in the annual Budget Act and in other legislation. Continuous appropriations (see definition below) can be provided for by legislation or the California Constitution.

## **Augmentation:**

An increase to an appropriation as provided by various control sections, Budget Bill language, or legislation.

## **Authorized Positions:**

Those ongoing positions approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the Salaries and Wages Supplement for state organizations. Changes in authorized positions are listed following each department's bud-

get presentation in the Governor's Budget. (See Proposed New Positions.)

## **Balance Available:**

Generally, the portion of a fund balance which is available for appropriation. It is the excess of assets of a fund over its liabilities and reserves; or commonly called amount available for appropriation. It is also the unobligated balance of an appropriation.

## **Baseline Budget:**

A baseline budget reflects the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It may include an adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

## **Budget, Program/Traditional:**

A plan of operation for a specific period of time expressed in financial terms. A *program budget* expresses the operating plan in terms of the costs of activities to be undertaken to achieve specific goals and objectives. A *traditional budget* expresses the plan in terms of the costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget. However, a summary of proposed expenditures for goods and services (Summary by Object) is included for State Operations.

## **Budget Bill/Act:**

The initial Budget Bill is prepared by the Department of Finance and is submitted to the Legislature in January accompanying the Governor's Budget. It is the Governor's proposal for spending authorization for the subsequent fiscal year. The Constitution requires the Legislature to pass the Budget Bill and forward it by June 15 to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act. The Budget Act is the main legal authority to spend or obligate funds.

## **Budget Change Proposal (BCP):**

A BCP is a proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.



**Budget Year (BY):**

The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

**Capital Outlay (CO):**

The expenditure of funds to acquire land or pay the cost of planning and construction of new buildings, or additions to and modification of existing buildings, and the equipment which is related to such construction.

**Carryover Appropriations:**

The balance of appropriations available for expenditure in years subsequent to the year of enactment.

**Category:**

A grouping of related objects of expenditure (goods or services), such as Personal Services, Operating Expenses and Equipment, and Special Items of Expense.

**Changes in Authorized Positions:**

A schedule included in each budget presentation in the Governor's Budget which reflects personnel staffing changes made subsequent to the adoption of the current year budget (transfers, positions established and selected reclassifications). It also includes proposed new positions and reductions of positions for the budget year.

**Character of Expenditure:**

A classification identifying the purpose of the expenditures. (See State Operations, Local Assistance or Capital Outlay.)

**Codes, Uniform:**

A set of codes, used in all major fiscal systems of California state government. These codes identify organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure. The Uniform Codes Manual, published by the Department of Finance, lists all such uniform codes. (See Section 1.50 of the Budget Act for an explanation of the codes used for Budget Act appropriation items.)

**Continuous Appropriation:**

Amount, specific or estimated, available each year under a permanent constitutional or statutory expenditure authorization which exists from year to year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or whatever

amount is required for the purpose as determined by formula—such as school apportionments.

**Control Sections, Budget Act:**

The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations. Sections 4.00 through 99.50 are general sections, also referred to as control sections, which generally provide additional authorizations or place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

**Cost of Living Adjustments (COLAs)****Statutory/Discretionary:**

Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), e.g., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year.

**Current Year (CY):**

A term designating the operations of the present fiscal period, as opposed to the past or future periods (i.e., the time period we are in now). For the State, the fiscal year begins July 1 and ends the following June 30.

**Deficiency:**

A lack or shortage of (1) money in a fund, (2) expenditure authority due to an insufficient appropriation or (3) expenditure authority due to a cash problem, e.g., reimbursements not received on a timely basis.

**Encumbrance:**

An obligation placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.

**Expenditure:**

Generally, this term designates the amount of an appropriation used for goods and services whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capital outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

**Enrollment, Caseload, & Population (ECP):**

Adjustments that occur due to increases/decreases in enrollment for the educational seg-

ments, caseload adjustments for programs such as Medi-Cal and welfare programs, and population adjustments for state hospitals and youth and correctional facilities.

**Federal Funds (FF):**

In state budget usage, this term describes all funds received directly from an agency of the federal government but not those received through other state departments. Generally, state departments must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

**Final Budget:**

The final budget is the Governor's Budget as amended by action taken on the Budget Bill. A Final Change Book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the Budget Bill and by the Governor by power of line item veto. It includes a detailed list of changes by item number.

**Finance Letters:**

Proposals made by the Director of Finance to the chairpersons of the committees in each house of the Legislature which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10 to reflect a revised plan of expenditure for the Current or Budget Year.

**Fiscal Year (FY):**

A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California State government, the fiscal year runs from July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current and budget years.

The state fiscal year is often referenced by the first calendar year of the fiscal year, e.g., "'97" or "1997" means the 1997-98 fiscal year. By contrast, the federal fiscal year is referenced by the last calendar year of the fiscal year, e.g., "'98" or "1998" means the 1997-98 fiscal year, and lasts from October 1, 1997 through September 30, 1998.

**Fund:**

A legal entity that provides for the segregation of moneys or other resources in the State Treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves and fund balance, as well as its income and expenditures. The

assets of a fund may also be placed into separate accounts to provide for limitations on specified fund income or expenditures.

(See "Description of Fund Classifications in State Treasury," which follows in this volume.)

**Fund Balance:**

Excess of the assets of a fund over its liabilities. (See "Balance Available.")

**Fund Condition Statement:**

A statement included in the Governor's Budget for the General Fund, special funds, special accounts in the General Fund, and selected bond funds and nongovernmental cost funds to disclose beginning reserves, revenues and transfers, expenditures, fund balance, and ending reserves.

**General Fund (GF):**

The General Fund is the predominant fund for financing state government programs. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax and bank and corporation taxes. A complete itemization of the revenue sources are listed in Summary Schedule 8. The General Fund is used as the major funding source for education (K-12 and higher education), health and welfare programs, youth and adult correctional programs and tax relief. Summary Schedule 9 provides a listing of expenditures for the General Fund.

**Intraschedule Transfer:**

A control section of the Budget Act authorizes the Department of Finance to augment or reduce any program, project, or function by transfer from any other program, or project or function within the same appropriation.

Generally, transfers cannot exceed, in the aggregate, 20 percent of the amount scheduled. Lower limits exist for appropriations which exceed \$2,000,000.

**Item:**

(See "Appropriation.")

**Governmental Cost Funds:**

(See "Special Funds.")

**Limited-Term Positions:**

A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process



or in transactions approved by the Department of Finance.

**Line-Item:**

(See "Objects.")

**Local Assistance:**

Expenditures made for the support of local government activities.

**Local Mandates:**

(See "State-Mandated Local Program.")

**May Revision:**

An annual update to the Governor's proposed January budget containing revised General Fund revenues, and specified expenditures for the Governor's Budget. The Department of Finance is required to submit its May Revision to the Legislature by May 14.

**Merit Salary Adjustment:**

A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary adjustment of 5 percent per year to recognize proficiency in the work performed up to the upper salary limit of the classification.

**Minor Capital Outlay:**

Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$250,000.

**Objects (line-items):**

A subclassification of expenditures based on type of goods or services. For example, the Personal Services category includes the objects of Salaries and Wages and Staff Benefits. These may be further subdivided into line items such as State Employees' Retirement, Workers' Compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A Summary by Object is provided for each department's budget in the Governor's Budget for State Operations and Local Assistance, where applicable. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.

**Past Year (PY):**

The fiscal year just completed. (See Fiscal Year.)

**Personnel Years:**

The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee

for half of a year would result in an expenditure of 0.5 personnel years.

**Positions:**

(See "Authorized Positions.")

**Programs:**

The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks (the lowest defined program activity).

**Proposed New Positions:**

A request for an authorization for the employment of additional people for the performance of work. Proposed new positions may be for limited time periods (limited-term) and for full or less than full-time. Proposed new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.

**Proposition 98:**

An initiative passed in the November 1988, and amended in the June 1990, election which provides a minimum funding guarantee for school districts, community college districts, and other state agencies that provide direct elementary and secondary instructional programs for Kindergarten through grade 14 (K-14) beginning with fiscal year 1988-89. Also used to refer to any expenditures which fulfill the guarantee.

**Reappropriation:**

The extension of the availability of an appropriation for expenditure beyond its set termination date, usually for the same purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

**Receipts:**

Describes an increase in the assets of a fund including revenues as well as transfers from other funds, federal receipts and fund reimbursements.

**Reconciliation With Appropriations:**

A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department and the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., State Operations, Local Assistance and Capital Outlay.

**Reimbursements:**

Amount received as a repayment of the cost of work, or service performed, or of other expendi-



tures made for or on behalf of another governmental unit or department. Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).

**Reserve:**

An amount set aside in a fund balance to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments, pending salary or price increase appropriations and appropriations for capital outlay projects.

**Revenue:**

The addition of cash or other current assets of governmental costs funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses and fees or investment earnings. Revenues are deposited in a fund for future appropriation.

**Reversion:**

The return of the unused portion of an appropriation to the fund from which the appropriation was made. The undisbursed portion of an appropriation reverts two years (four years for federal funds) after the last day of availability for encumbrance. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

**Salary Savings:**

Salary savings reflects personnel cost savings resulting from vacancies and downward reclassifications as a result of turnover of employees. The amount of budgeted salary savings is an estimate generally based on past experience.

**Special Fund for Economic Uncertainties:**

Statutes and the control sections of the Budget Act provide for the establishment of a Special Fund for Economic Uncertainties in the General Fund and a reserve for economic uncertainties in each special fund to provide for emergency situations.

**Special Funds:**

Special Funds is a generic term used for "governmental cost funds" other than the General Fund. Governmental cost funds generally are commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples of Special Funds are the transportation funds, fish and game funds and the professions and vocations

funds. Revenues, expenditures and the condition of Special Funds are summarized in Schedules 8, 9 and 10 in the Governor's Budget Summary.

**Staff Benefits:**

An object of expenditure for the state costs of contributions for employees' retirement, OASDI, health and welfare benefits, workers' compensation, unemployment insurance, industrial disability leave benefits and nonindustrial disability leave benefits.

**State Appropriations Limit (SAL):**

The State Appropriations Limit is defined in Section 8 of Article XIII B of the California Constitution. It was enacted by the passage of Proposition 4 at the November 6, 1979, general election. This initiative imposed a limit on the annual growth in the level of certain appropriations from tax proceeds. The growth in the appropriations limit is calculated using the prior year's limit, adjusted for changes in the cost of living and the change in population. Other adjustments may be made for such reasons as the transfer of services from one governmental entity to another.

**State-Mandated Local Program:**

State reimbursements to local governments for the cost of activities required by legislative and executive acts. This requirement was established by Chapter 1406, Statutes of 1972 (SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the November 6, 1979, general election. (See "Governor's Budget: 8885 Commission on State Mandates.")

**State Operations:**

Expenditures for the support of state government, exclusive of capital outlay and expenditures for local government activities.

**Summary by Object:**

A summary of actual past year and estimated current and budget year expenditures for goods and services for each organization presented for State Operations, Local Assistance and Capital Outlay expenditures.

**Summary of Program Requirements:**

At the front of each departmental budget is a Summary of Program Requirements. It presents the various departmental programs by title, dollar totals, personnel years, and source of funds for the past, current and budget years.

**Summary Schedules:**

The Governor's Budget Summary includes schedules which summarize state revenues, expenditures

and other fiscal and personnel data for the past, current and budget years.

**Tax Expenditures:**

Subsidies provided through the taxation systems.

**Transfers:**

As reflected in fund condition statements, transfers reflect the movement of resources from one fund

to another based on statutory authorization or specific legislative transfer authority.

**Unencumbered Balance:**

The balance of an appropriation after encumbrances (balances on Controller's records after accruals are posted).

# Description of Fund Classifications

## in the Treasury

Revenues and expenditures in the program budget and the summary schedules reflect the activities of many separate funds. Summary Schedule 10 provides a complete list of governmental cost funds. The Index lists those funds for which Fund Conditions are included in the budget and references the page number. General Fund and Special Fund expenditures represent the cost of government and are included in budget totals, and along with selected Bond Funds, are included in the overall expenditure totals. In 1981-82 the State of California began to change classification of funds in the state treasury to conform to Generally Accepted Accounting Principles as set forth by the National Council on Governmental Accounting. Schedule 3 includes a description of these changes and shows their effect on the budget totals.

**General Fund.** Used to account for all revenues and activities financed therefrom which are not required by law to be accounted by any other fund. Most state expenditures are financed from the General Fund. Normally, the only difference between the General Fund and the other governmental costs funds is the restriction placed on the use of the other governmental cost funds.

**Special Funds.** Consists of governmental cost funds used to account for taxes and revenues which are restricted by law for particular functions or activities of government. The funds included in these classifications are primarily for the regulation of businesses, professions and vocations; transportation; law enforcement; and capital outlay.

**General Fund Special Accounts.** Legislatively created accounts or dedicated revenues within the General Fund. Moneys credited to such accounts may be used only for the purposes specified in the legislation. As a result of Chapter 942, Statutes of 1977, these special accounts are treated as special funds, and revenues and expenditures are included in the special fund totals in the summary schedules of the budget. They are therefore excluded from the General Fund unrestricted revenues, expenditures and reserves.

**Other Funds.** Expenditures from funds which do not represent a cost of government are not in-

cluded in the budget totals. They consist of moneys which were derived from sources other than general or special taxes, licenses, fees or other state revenues. Included are receipts from the Federal Government, funds created for accounting purposes, receipts from sale of lands, or moneys held in trust. These funds are segregated into the following classifications:

**Working Capital and Revolving Funds.** Funds created to finance internal service activities rendered by a state agency to other state agencies or to local governments for which charges are made at cost. The charges are reflected as expenditures in the budget of the agency receiving the commodity or service.

**Public Service Enterprise Funds.** Self-supporting activities operated by the State for the benefit of the public. Funds are derived from charges to those who use the service and no support is derived from taxes, licenses or other state revenues.

**Bond Funds.** Used to account for the receipt and disbursement of proceeds from the sale of bonds and to finance projects for which the bonds were authorized. Expenditures are considered a cost of government at the time interest payments are made and as the bonds are redeemed.

**Retirement Funds.** Moneys held in trust by the State for retirement benefit payments.

**Trust and Agency Funds.** Funds holding moneys in trust pending disbursements to trustors, moneys received from the Federal Government to be expended for specific purposes, and other funds which do not derive their sources from taxes or other state revenues, or are in the nature of transitional funds created for the convenience of accounting receipts or disbursements which are not necessarily revenues or expenditures.

**Selected Bond Funds.** Selected bond funds are General Obligation Bond funds which are nonself-liquidating. Included in the overall expenditure totals of Schedules 1 and 9 for budget purposes are expenditures from the selected bond funds. The following page provides a complete listing of all selected bond funds.



| <i>Fund No.</i> | <i>Fund Name</i>  | <i>Fund No.</i> | <i>Fund Name</i>   |
|-----------------|---|-----------------|--|
| 0405            | Bay-Delta Agreement Subaccount <sup>1</sup>   | 0714            | Home Building and Rehabilitation Fund  |
| 0743            | Bond Proceeds Account, State School Building Lease-Purchase Fund  | 0720            | Lake Tahoe Acquisition Fund  |
| 0415            | CALFED Subaccount <sup>1</sup>  | 0443            | Lake Tahoe Water Quality Subaccount <sup>1</sup>                               |
| 0404            | Central Valley Project Improvement Sub-account  | 0794            | Library Construction and Renovation Fund, California                           |
| 0703            | Clean Air and Transportation Improvement Fund   | 0543            | Local Projects Subaccount <sup>1</sup>   |
| 0740            | Clean Water Bond Fund of 1984, State  | 0723            | New Prison Construction Fund   |
| 0737            | Clean Water and Water Conservation Fund, State  | 0721            | Parkland Fund of 1980  |
| 0764            | Clean Water and Water Reclamation Fund of 1988  | 0722            | Parkland Fund of 1984  |
| 0730            | Coastal Conservancy Fund of 1984, State   | 0756            | Passenger Rail Bond Fund of 1990   |
| 0716            | Community Parklands Fund  | 0751            | Prison Construction Bond Fund of 1990  |
| 0711            | County Correctional Facility Capital Expenditure Fund of 1986   | 0724            | Prison Construction Fund of 1984   |
| 0796            | County Correctional Facility Capital Expenditure and Youth Facility Bond Fund of 1988                   | 0746            | Prison Construction Fund of 1986   |
| 0409            | Delta Levee Rehabilitation Subaccount <sup>1</sup>  | 0747            | Prison Construction Fund of 1988   |
| 0414            | Delta Recreation Subaccount   | 0728            | Recreation and Fish and Wildlife Enhancement Fund                              |
| 0423            | Delta Tributary Watershed Subaccount <sup>1</sup>   | 0545            | River Parkway Subaccount <sup>1</sup>  |
| 0422            | Drainage Management Subaccount <sup>1</sup>   | 0544            | Sacramento Valley Water Management and Habitat Project Subaccount <sup>1</sup> |
| 0788            | Earthquake Safety and Housing Rehabilitation Bond Account, Housing Rehabilitation Loan Fund, California | 0707            | Safe Drinking Water Fund, California   |
| 0768            | Earthquake Safety and Public Building Rehabilitation Fund of 1990                                       | 0793            | Safe Drinking Water Fund of 1988, California                                   |
| 0445            | Feasibility Projects Subaccount <sup>1</sup>  | 0424            | Seawater Intrusion Control Subaccount <sup>1</sup>                             |
| 0748            | Fish and Wildlife Habitat Enhancement Fund  | 0653            | Seismic Retrofit Bond Fund of 1996   |
| 0547            | Flood Control and Prevention Account <sup>1</sup>   | 0418            | Small Communities Grant Subaccount <sup>1</sup>                                |
| 0710            | Hazardous Substance Cleanup Fund  | 0413            | South Delta Barriers Subaccount <sup>1</sup>                                   |
| 0785            | Higher Education Capital Outlay Bond Fund of 1988   | 0417            | State Revolving Fund Loan Subaccount <sup>1</sup>                              |
| 0791            | Higher Education Capital Outlay Fund, June 1990   | 0119            | State School Facilities Fund, 1998   |
| 0705            | Higher Education Capital Outlay Bond Fund of 1992   | 0742            | Urban and Coastal Park Fund, State   |
| 0658            | Higher Education Capital Outlay Bond Fund of 1996   | 0446            | Water Conservation and Groundwater Recharge Subaccount <sup>1</sup>            |
| 0574            | Higher Education Capital Outlay Bond Fund of 1998   | 0790            | Water Conservation Fund of 1988  |
|                 |   | 0744            | Water Conservation and Water Quality Bond Fund of 1986                         |
|                 |   | 0419            | Water Recycling Subaccount <sup>1</sup>  |
|                 |   | 0786            | Wildlife, Coastal and Park Land Conservation Fund of 1988, California          |
|                 |   | 0787            | Wildlife and Natural Areas Conservation Fund (subfund of 0786)                 |

<sup>1</sup> Account or subaccount of Safe, Clean, Reliable, Water Supply Fund

# Description of Key Schedules

The Budget Summary includes summary information in various schedules. The following schedules are those which may be the most useful for the public, private sector, or other levels of government.

**SCHEDULE 1. General Budget Summary**—Provides for a summary of total statewide revenues and expenditures for the General Fund and Special funds plus expenditure totals for the Selected Bond funds.

**SCHEDULE 2. Total State Spending Plan**—Provides in a single schedule the State's total spending plan. In addition to the General Fund, Special funds, and Selected Bond funds, expenditures from Nongovernmental Cost funds, Federal funds, and reimbursements are shown.

**SCHEDULE 3A. Total State Spending Plan by Generally Accepted Accounting Principles (GAAP) Fund Classification**—Provides in a single schedule the State's Total Spending Plan (Schedule 2) rearranged into GAAP Fund Classifications.

**SCHEDULE 3B. Comparison of California's Current Fund Structure and Recommended GAAP Fund Structure**—Provides a comparison of California's Current Fund Structure to recommended GAAP Fund Classifications.

**SCHEDULE 4A. Personnel Years and Salary Cost Estimates**—Provides personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

**SCHEDULE 4B. Positions and Salary Cost Estimates**—Provides position and personnel year data and corresponding dollar amounts by functional breakdown. This schedule reflects both gross data before salary savings and net totals salaries and wages.

**SCHEDULE 5A. Statement of Estimated Accounts Payable And Accounts Receivable**—Provides actual payable and receivable amounts as of June 30, 1998, and estimated amounts for June 30, 1999, and June 30, 2000.

**SCHEDULE 5B. 1997-98 Cashflow Statement**—Provides actual receipts, disbursements, borrowable resources, and loan balances for fiscal year 1997-98.

**SCHEDULE 5C. 1998-99 Cashflow Statement**—Provides projected receipts, disbursements, borrowable resources, and loan balances for fiscal year 1998-99.

**SCHEDULE 5D. 1999-00 Cashflow Statement**—Provides projected receipts, disbursements, borrowable resources, and loan balances for fiscal year 1999-00.

**SCHEDULE 6. Summary of State Population, Employees, and Expenditures**—Provides historical data of State population, employees and expenditures.

**SCHEDULE 7. General Fund: Statement of Financial Condition**—Provides the financial condition of the General Fund as of June 30 from the most recently available information from the State Controller.

**SCHEDULE 8. Comparative Statement of Revenues**—Provides General Fund and Special fund revenue detailed amounts within three main breakdowns of: (1) major taxes and licenses, (2) other revenues, and (3) transfers.

**SCHEDULE 9. Comparative Statement of Expenditures**—Provides a listing of expenditures in the same order as the printing of budgets displayed in the Governor's Budget for the General Fund, Special funds, selected Bond funds and Federal funds for State Operations, Local Assistance, Capital Outlay, and Unclassified.

**SCHEDULE 10. Summary of Fund Condition Statements**—Provides for the General Fund and each Special fund the beginning reserve, income, expenditures, transfers, and ending reserve for each of the three fiscal years displayed in the Governor's Budget.

**SCHEDULE 11. Statement of General Obligation Bond and Commercial Paper Debt of the State of California**—Provides a listing of all general obligation bonds including maturity dates, authorized amount of bond issues, amounts of unissued bonds, redemptions and outstanding issues. It also provides a listing of authorized and outstanding commercial paper which is issued in-lieu of general obligation bonds.

**SCHEDULE 12A. State Appropriations Limit (SAL) Summary**—Provides a summary of Schedules 12B through 12E, calculates the Appropriations, displays the SAL Limit, and calculates the SAL Limit Room or Surplus.

**SCHEDULE 12B. Revenues to Excluded Funds**—Provides a listing of revenues to special funds that are not included in the calculation of total appropriations subject to the State Appropriations Limit.

**SCHEDULE 12C. Non-tax Revenues in Funds Subject to Limit**—Provides a total of nontax revenues for

General and special funds deposited in funds that are included in the calculation of total appropriations subject to the State Appropriations Limit.

**SCHEDULE 12D.** *State Appropriations Limit, Transfer from Excluded Funds to Included Funds*—Provides the detail of transfers between funds that are used

in calculating the appropriations subject to the State Appropriations Limit.

**SCHEDULE 12E.** *Excluded Appropriations*—Provides a distribution of exclusions from appropriations subject to the State Appropriations Limit.



**SCHEDULE 1**  
**GENERAL BUDGET SUMMARY <sup>1</sup>**  
(In Thousands)

| 1997-98   | Reference<br>to<br>Schedule | General<br>Fund | Special<br>Funds | Selected<br>Bond<br>Fund<br>Expenditures | Expenditure<br>Totals |
|---|-----------------------------|-----------------|------------------|--|-----------------------|
| Prior year resources available .....                              | 10                          | \$976,426       | \$2,965,238      |  |                       |
| Revenues and transfers .....                                      | 8                           | 54,972,583      | 14,451,269       |  |                       |
| Expenditures .....  | 9                           | 52,874,377      | 14,201,814       | \$1,451,903                              | \$68,528,094          |
| Fund Balance <sup>2</sup> .....                                   | 10                          | \$3,074,632     | \$3,214,693      |  |                       |
| <i>Special Fund for Economic Uncertainties</i> <sup>3</sup> ..... |                             | 2,594,632       | -                |  |                       |
| <i>Reserves for Economic Uncertainties</i> <sup>3</sup> .....     |                             | -               | 3,214,693        |  |                       |
| <i>Reserve for Liquidation of Encumbrances</i> <sup>4</sup> ..... |                             | 480,000         | -                |  |                       |
| <b>1998-99</b>  |                             |                 |                  |  |                       |
| Prior year resources available .....                              | 10                          | \$3,074,632     | \$3,214,693      |  |                       |
| Revenues and transfers .....                                      | 8                           | 56,293,413      | 15,129,199       |  |                       |
| Expenditures .....  | 9                           | 58,270,649      | 14,930,402       | \$5,062,237                              | \$78,263,288          |
| Fund Balance <sup>2</sup> .....                                   | 10                          | \$1,097,396     | \$3,413,490      |  |                       |
| <i>Special Fund for Economic Uncertainties</i> <sup>3</sup> ..... |                             | 617,396         | -                |  |                       |
| <i>Reserves for Economic Uncertainties</i> <sup>3</sup> .....     |                             | -               | 3,413,490        |  |                       |
| <i>Reserve for Liquidation of Encumbrances</i> <sup>4</sup> ..... |                             | 480,000         | -                |  |                       |
| <b>1999-00</b>  |                             |                 |                  |  |                       |
| Prior year resources available .....                              | 10                          | \$1,097,396     | \$3,413,490      |  |                       |
| Revenues, transfers and other additions ...                       | 8                           | 60,271,813      | 15,162,303       |  |                       |
| Expenditures .....  | 9                           | 60,474,709      | 15,741,326       | \$1,295,087                              | \$77,511,122          |
| Fund Balance <sup>2</sup> .....                                   | 10                          | \$894,500       | \$2,834,467      |  |                       |
| <i>Special Fund for Economic Uncertainties</i> <sup>3</sup> ..... |                             | 414,500         | -                |  |                       |
| <i>Reserves for Economic Uncertainties</i> <sup>3</sup> .....     |                             | -               | 2,834,467        |  |                       |
| <i>Reserve for Liquidation of Encumbrances</i> <sup>4</sup> ..... |                             | 480,000         | -                |  |                       |

<sup>1</sup> The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of state government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9 and 10 due to rounding.

<sup>2</sup> The Fund Balance for the General Fund includes amounts for unencumbered balances of continuing appropriations at the end of the 1997-98, 1998-99, and 1999-00 fiscal years of \$307,822; \$568,271; and \$476,912 (in thousands) respectively.

<sup>3</sup> The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties provide sources of funds to meet obligations of the General Fund and Special Funds in the event of a decline in revenues or an unanticipated increase in expenditures.

<sup>4</sup> The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received. This Reserve treatment is consistent with accounting methodology prescribed by Generally Accepted Accounting Principles (GAAP) and Chapter 1286, Statutes of 1984 (AB 3372) which requires the State to conform its fiscal management system to GAAP.

## Schedule 2 TOTAL STATE SPENDING PLAN

This Schedule is included for informational purposes to show in one place the expenditures of all funds which are accounted for by the State.

A basic premise in a consolidation such as this is that the State is the financial unit and individual funds are subsidiary units to the State. This is similar to financial units in the private sector in which diversified commercial corporations with several subsidiaries report their operation on a consolidated basis—but is a contrast to traditional governmental accounting, which has held that the individual funds are the financial units and should not be consolidated with other funds or types of funds. A total consolidation presents both theoretical and practical problems because of the individual nature of each fund. In essence, each fund is a separate fiscal and legal entity that operates under the specific legal provisions that created it. Examples of problems which may arise from an unqualified consolidation are: (1) funds are accounted for in a different manner, (2) duplication of expenditures result, (3) expenditures from non-state funds are included, and (4) expenditures are included for quasi-state operations such as Workers' Compensation and for payment of retirement benefits for other governmental units.

In order to minimize misinterpretations, this Schedule is displayed in three parts. Part A summarizes those expenditures from funds traditionally included in budget totals; Part B summarizes expenditures from the other funds which are collectively identified as nongovernmental cost funds. Reimbursements received from the public or other levels of government are deducted from State expenditures, Part C summarizes these reimbursement expenditures.

### TOTAL STATE SPENDING PLAN—PART A GOVERNMENTAL COST, SELECTED BOND FUNDS, AND FEDERAL FUNDS

As stated above, Part A summarizes expenditures from funds which are traditionally included as part of State expenditure summaries in the Governor's Budget and other State financial reports. The major portion of the expenditures shown in Part A is for the General Fund and the various special funds, which are commonly referred to as "governmental cost funds". This term is used because these funds are used to account for moneys which are derived from general and special taxes, licenses, fees, or other revenue sources to provide financing for State activities which are for the general purposes of State government.

The selected bond funds are included in Part A because of the historical legislative interest in showing these expenditures in budget totals. It should be noted that there is a duplication in showing these expenditure amounts from bond proceeds because the expenditures are included both when bond proceeds are spent and when debt service is paid.

The Federal funds have also been included in Part A because of increasing interest in the level of the State's expenditure of Federal funds. The detail of expenditures by department for the General Fund, special funds, selected bond funds and Federal funds is shown in Schedule 9.

| Fund Type   | 1997-98*<br>State<br>Spending | 1998-99*<br>State<br>Spending | 1999-00*<br>State<br>Spending |
|---|-------------------------------|-------------------------------|-------------------------------|
| <b>GOVERNMENTAL COST FUNDS</b>                              |                               |                               |                               |
| GENERAL FUND .....  | 52,874,377                    | 58,270,649                    | 60,474,709                    |
| SPECIAL FUNDS .....   | 14,201,814                    | 14,930,402                    | 15,741,326                    |
| SELECTED BOND FUNDS .....                                   | 1,451,903                     | 5,062,237                     | 1,295,087                     |
| *TOTAL FUND CLASSIFICATION GOVERNMENTAL COST FUNDS .....    | \$68,528,094                  | \$78,263,288                  | \$77,511,122                  |
| <b>NONGOVERNMENTAL COST FUNDS</b>                           |                               |                               |                               |
| PUBLIC SERVICE ENTERPRISE FUNDS .....                       | \$4,663,856                   | \$4,739,572                   | \$4,891,662                   |
| WORKING CAPITAL AND REVOLVING FUNDS .....                   | 830,043                       | 1,136,756                     | 1,317,306                     |
| BOND FUNDS--OTHER .....                                     | 16,645                        | 33,764                        | 32,954                        |
| RETIREMENT FUNDS .....                                      | 7,950,799                     | 8,659,128                     | 9,436,731                     |
| OTHER NONGOVERNMENTAL COST FUNDS .....                      | 21,604,749                    | 21,539,077                    | 22,743,462                    |
| *TOTAL FUND CLASSIFICATION NONGOVERNMENTAL COST FUNDS ..... | \$35,066,092                  | \$36,108,297                  | \$38,422,115                  |
| <b>FEDERAL FUNDS</b>  |                               |                               |                               |
| FEDERAL FUNDS .....   | \$31,648,692                  | \$35,861,980                  | \$36,978,976                  |
| *TOTAL FUND CLASSIFICATION FEDERAL FUNDS .....              | \$31,648,692                  | \$35,861,980                  | \$36,978,976                  |
| <b>TOTAL .....</b>  | <b>\$135,242,878</b>          | <b>\$150,233,565</b>          | <b>\$152,912,213</b>          |

### Total State Spending Plan—Part B Nongovernmental Cost Funds

Nongovernmental cost funds are used to account for moneys which are derived from sources other than general or special taxes, licenses, fees, or other State revenues. Although Federal funds and bond funds are classified as nongovernmental costs funds, they are included in Part A for reasons cited therein. The nongovernmental cost funds shown in Part B are segregated into the following classifications.

#### PUBLIC SERVICE ENTERPRISE FUNDS

Public Service Enterprise Funds are used to account for the transactions of self-supporting enterprises which render services for a charge primarily to the general public.

Activities which are accounted through Public Service Enterprise Funds include toll bridges, harbor facilities, disability insurance, college housing, and veterans farm and home loan financing. Bond funds and sinking funds related to a public service enterprise are included in this classification.

Public Service Enterprise Funds differ from Working Capital and Revolving Funds in that, in the latter, fees for services rendered are largely from other State agencies or local governments.



It should be noted that expenditures shown below from the Compensation Insurance Fund do not include benefit payments to State employees because the State is self-funded. The expenditures shown are benefits paid from funding provided through insurance premiums and therefore are not true State costs.

## WORKING CAPITAL AND REVOLVING FUNDS

Working Capital and Revolving Funds are used to account for the internal service activities rendered by a State agency to other State agencies or to local governments. Activities which are accounted through Working Capital and Revolving Funds include centralized purchasing for stores, consolidated data center services, printing, architectural services, manufacturing, surplus money investment, payroll disbursement, automotive management, and building operations.

Working Capital and Revolving Funds differ from the Public Service Enterprise Funds, which render services primarily to the general public. To the extent that services are provided to other State agencies, expenditures shown in Working Capital and Revolving Funds are duplicative of expenditures shown in the agencies.

## BOND FUNDS

Bond Funds are used to account for the receipt and disbursement of bond proceeds. They do not account for bond retirement since the liability created by the sale of bonds is not a liability of these funds. Bonds are retired and the interest obligations thereon are paid through the provisions specified in the bond act.

Bond Funds related to a public service enterprise are included in the Public Service Enterprise Fund classification.

## RETIREMENT FUNDS

Retirement Funds are used to account for employer and member contributions received by various retirement systems, the investment of these moneys, annuity payments, refunds to members, and other receipts and disbursements. The amounts shown below reflect both administrative costs and benefits paid to annuitants. For the Public Employees' Retirement Fund and the Teachers' Retirement Fund, funding includes non-state sources and expenditures therefrom are not true State costs. Also, costs funded from amounts transferred into these funds from other State agencies are duplicative of expenditures shown in the agencies.

## OTHER NONGOVERNMENTAL COST FUNDS

For selected programs, the State budget has traditionally included funding provided by county funds and university funds for informational purposes. Because of inclusion in the budget, these expenditures are shown in Schedule 2. The balance of funds shown in this classification are for Trust and Agency Funds which are used to account for moneys and properties that are received from other than Federal sources and which are held and disbursed from the State Treasury by the State as trustee or custodian.

The following provides detail for the significant funds and amounts which comprise the various categories of Nongovernmental Cost Funds:

| Funds  | 1997-98*<br>Amount | 1998-99*<br>Amount | 1999-00*<br>Amount |
|--|--------------------|--------------------|--------------------|
| <b>PUBLIC SERVICE ENTERPRISE FUNDS</b>                 |                    |                    |                    |
| Housing Finance Fund, California.....                  | 13,036             | 15,120             | 15,120             |
| Water Resources Development Bond Fund.....             | 363,205            | 327,046            | 357,604            |
| Central Valley Water Project Const Fund.....           | 81,828             | 126,782            | 126,271            |
| Central Valley Water Project Revenue Fd.....           | 231,504            | 236,863            | 240,256            |
| Expo & State Fair Enterprise Fund, Cal.....            | 12,366             | -                  | 0                  |
| Compensation Insurance Fund.....                       | 1,517,679          | 1,582,639          | 1,661,771          |
| Employment Training Fund.....                          | 117,731            | 84,190             | 100,147            |
| Harbors and Watercraft Revolving Fund.....             | 61,799             | 64,075             | 52,042             |
| Univ Continuing Education Revenue Fd, St.....          | 120,093            | 123,359            | 123,359            |
| Univ Dormitory Revenue Fd, Calif State.....            | 70,466             | 78,995             | 78,995             |
| University Parking Revenue Fund, State.....            | 34,868             | 43,728             | 43,728             |
| Unemployment Compensation Disability Fd.....           | 1,759,656          | 1,776,389          | 1,810,812          |
| Veterans Form & Home Building Fund 1,943.....          | 267,246            | 259,863            | 259,881            |
| <b>*TOTAL PUBLIC SERVICE ENTERPRISE FUNDS.....</b>     | <b>\$4,663,856</b> | <b>\$4,739,572</b> | <b>\$4,891,662</b> |
| <b>WORKING CAPITAL AND REVOLVING FUNDS</b>             |                    |                    |                    |
| Protective Services Fund.....                          | \$26,083           | \$26,014           | \$25,061           |
| Architecture Revolving Fund.....                       | 20,263             | 24,611             | 24,788             |
| Child Care Facilities Revolving Fund - .....           | 25,000             | 25,000             | 4,880              |
| Health & Welfare Agency Data Cent Rev Fd.....          | 250,865            | 238,892            | 250,621            |
| Mobilehome Manufactured Home Revolv Fd.....            | 15,161             | 16,301             | 17,131             |
| Public Buildings Construction Fund.....                | 77,162             | 314,439            | 461,382            |
| Service Revolving Fund.....                            | 399,988            | 397,536            | 442,291            |
| Stephen P Teole Doto Center Revolv Fd.....             | 76,115             | 83,506             | 85,206             |
| <b>*TOTAL WORKING CAPITAL AND REVOLVING FUNDS.....</b> | <b>\$830,043</b>   | <b>\$1,136,756</b> | <b>\$1,317,306</b> |
| <b>BOND FUNDS--OTHER</b>                               |                    |                    |                    |
| School Building Aid Fund, State.....                   | \$16,645           | \$33,764           | \$32,954           |
| <b>*TOTAL BOND FUNDS--OTHER.....</b>                   | <b>\$16,645</b>    | <b>\$33,764</b>    | <b>\$32,954</b>    |
| <b>RETIREMENT FUNDS</b>                                |                    |                    |                    |
| Judges Retirement Fund.....                            | \$77,698           | \$88,127           | \$92,691           |
| Public Employees' Retirement Fund.....                 | 4,615,591          | 4,974,526          | 5,329,241          |
| Teachers Retirement Fund.....                          | 3,250,511          | 3,588,863          | 4,007,170          |
| <b>*TOTAL RETIREMENT FUNDS.....</b>                    | <b>\$7,950,799</b> | <b>\$8,659,128</b> | <b>\$9,436,731</b> |



| Funds   | 1997-98*<br>Amount  | 1998-99*<br>Amount  | 1999-00*<br>Amount  |
|---|---------------------|---------------------|---------------------|
| <b>OTHER NONGOVERNMENTAL COST FUNDS</b>             |                     |                     |                     |
| Emerg Serv & Supplemental Payments Fund.....        | \$442,744           | \$440,821           | \$439,730           |
| Lottery Education Fund, Calif State .....           | 709,093             | 900,033             | 933,965             |
| Flexelect Benefit Fund.....                         | 14,009              | 15,837              | 15,842              |
| Public Employees' Health Care Fund.....             | 347,184             | 382,039             | 412,847             |
| Medi-Cal Inpatient Pymt Adjustment Fund.....        | 1,205,576           | 1,162,437           | 1,345,132           |
| University Lottery Education Fund, Col S.....       | 34,580              | 29,800              | 29,800              |
| School Employees Fund.....                          | 31,430              | 32,520              | 33,469              |
| Inmate Welfare Fund.....                            | 39,188              | 41,924              | 45,412              |
| Forest Resources Improvement Fund.....              | 14,467              | 6,542               | 12,917              |
| Triol Court Trust Fund.....                         | 689,606             | 923,239             | 915,531             |
| Special Deposit Fund .....                          | 10,371              | 11,175              | 11,911              |
| Guaranteed Loan Reserve Fund, State.....            | 502,284             | 291,741             | 291,736             |
| Local Property Tax Revenues.....                    | 10,560,409          | 10,766,862          | 11,324,664          |
| Toll Bridge Funds, Consolidated.....                | 104,116             | 11,210              | 5,110               |
| Various Other Unallocated NGC Funds.....            | 376                 | 13,006              | 98,819              |
| Higher Education Fees and Income- UC/CC.....        | 1,065,341           | 1,093,327           | 1,126,930           |
| University Funds--Unclassified.....                 | 4,596,481           | 4,588,796           | 4,791,340           |
| Other Unclassified Funds.....                       | 1,185,387           | 817,606             | 862,481             |
| <b>*TOTAL OTHER NONGOVERNMENTAL COST FUNDS.....</b> | <b>\$21,604,749</b> | <b>\$21,539,077</b> | <b>\$22,743,462</b> |
| <b>TOTAL.....</b>                                   | <b>\$35,066,092</b> | <b>\$36,108,297</b> | <b>\$38,422,115</b> |

**TOTAL STATE SPENDING PLAN—PART C  
REIMBURSEMENTS**

| Funds               | 1997-98*<br>Amount | 1998-99*<br>Amount | 1999-00*<br>Amount |
|---------------------|--------------------|--------------------|--------------------|
| REIMBURSEMENTS..... | \$4,369,830        | \$5,313,367        | \$5,886,326        |

\* Dollars in thousands.

## IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Government Code Section 13306 requires the State to conform its financial management system to Generally Accepted Accounting Principles (GAAP) to the extent that the Department of Finance deems it to be in the best interest of the State.

GAAP represents uniform minimum standards and guidelines for financial accounting and reporting. The goal of GAAP is to standardize the accounting and financial reporting of organizations regardless of jurisdictional legal provisions and customs. The purpose of "Governmental GAAP" is to provide a uniform set of rules so the presentation of governmental financial reports for taxpayers, bond rating companies, legislators, and other readers are consistent from year to year, as well as comparable between governmental entities.

The State's fiscal system is highly complex with many interrelationships between budgeting and accounting. Consequently, some of the changes in accounting that are necessary to conform to GAAP impact the budget system and/or the Governor's Budget presentations. These interrelationships will result in the GAAP changes being accomplished over a number of years.

The following two charts illustrate the effect of conversion to GAAP fund classifications:

Schedule 3A shows the "Total State Spending Plan" data shown in Schedule 2 rearranged into the GAAP classifications. Schedule 3B uses 1999-00 Governor's Budget totals to show California's current fund structure compared to GAAP classifications.

| <b>SCHEDULE 3A<br/>TOTAL STATE SPENDING PLAN<br/>BY GAAP FUND CLASSIFICATION<br/>(In Thousands)</b> |                      |                      |                      |  |
|---|----------------------|----------------------|----------------------|--|
| <b>GAAP Fund Structure</b>  | <b>1997-98</b>       | <b>1998-99</b>       | <b>1999-00</b>       |  |
| <i>Governmental Funds</i>   |                      |                      |                      |  |
| General Funds.....  | 52,874,377           | 58,270,649           | 60,474,709           |  |
| Special Revenue Funds.....  | 34,384,092           | 39,801,443           | 41,971,142           |  |
| Capital Project Funds.....  | 1,341,258            | 800,516              | 608,435              |  |
| Total Governmental Funds .....  | \$88,599,727         | \$98,872,608         | \$103,054,286        |  |
| <i>Proprietary Funds</i>  |                      |                      |                      |  |
| Enterprise Funds .....  | \$2,959,531          | \$3,300,039          | \$3,554,222          |  |
| Internal Service Funds .....  | 770,448              | 767,035              | 824,397              |  |
| Total Proprietary Funds .....   | \$3,729,979          | \$4,067,074          | \$4,378,619          |  |
| <i>Fiduciary Funds</i>  |                      |                      |                      |  |
| Retirement Funds .....  | \$7,950,282          | \$8,658,368          | \$9,436,280          |  |
| Trust and Agency Funds—Other .....  | 9,264,633            | 13,142,428           | 9,702,910            |  |
| Trust and Agency Funds—Federal.....   | 3,493,236            | 3,358,253            | 3,100,599            |  |
| Total Fiduciary Funds .....   | \$20,708,151         | \$25,159,049         | \$22,239,789         |  |
| <i>Funds Outside State Treasury</i>   |                      |                      |                      |  |
| Other.....  | \$22,205,021         | \$22,134,834         | \$23,239,519         |  |
| Total Funds Outside State Treasury .....  | \$22,205,021         | \$22,134,834         | \$23,239,519         |  |
| <b>TOTAL SPENDING, ALL FUNDS .....</b>  | <b>\$135,242,878</b> | <b>\$150,233,565</b> | <b>\$152,912,213</b> |  |

**SCHEDULE 3B**  
**COMPARISON OF CALIFORNIA**  
**FUND STRUCTURE AND RECOMMENDED GAAP FUND STRUCTURE**  
**USING 1999-00 BUDGET TOTALS**  
**(In Thousands)**

| CURRENT FUND STRUCTURE                       | FUND STRUCTURE BASED ON GAAP CLASSIFICATIONS |                       |                       |                            |                   |                        |                  |                        | Funds Outside State Treasury | Totals        |
|--|--|-----------------------|-----------------------|----------------------------|-------------------|------------------------|------------------|------------------------|------------------------------|---------------|
|  | Governmental Funds                           |                       |                       |                            | Proprietary Funds |                        | Fiduciary Funds  |                        |                              |               |
|  | General Fund                                 | Special Revenue Funds | Capital Project Funds | Total Govern- mental Funds | Enterprise Funds  | Internal Service Funds | Retirement Funds | Trust and Agency Funds |                              |               |
|  |  |                       |                       |                            |                   |                        |                  |                        |                              |               |
| Governmental Cost Funds                      |  |                       |                       |                            |                   |                        |                  |                        |                              |               |
| General Funds .....                          | 60,474,709                                   | -                     | -                     | 60,474,709                 | -                 | -                      | -                | -                      | -                            | 60,474,709    |
| General Fund Special Accounts .....          | -  | 1,057,341             | -                     | 1,057,341                  | 58,507            | 20,699                 | -                | 13,261                 | -                            | 1,149,808     |
| Transportation Funds.....                    | -  | 4,715,887             | -                     | 4,715,887                  | -                 | -                      | -                | 3,539,596              | -                            | 8,255,483     |
| Feeder Funds.....                            | -  | -                     | -                     | -                          | -                 | -                      | -                | 32,144                 | -                            | 32,144        |
| Other Governmental Cost Funds .....          | -  | 6,294,172             | 2,017                 | 6,296,189                  | -                 | -                      | -                | 7,702                  | -                            | 6,303,891     |
| Total Governmental Cost Funds.....           | \$60,474,709                                 | \$12,067,400          | \$2,017               | \$72,544,126               | \$58,507          | \$20,699               | -                | \$3,592,703            | -                            | \$76,216,035  |
| Selected Bond Funds.....                     | -  | \$112,839             | \$573,645             | \$686,484                  | -                 | -                      | -                | \$608,441              | \$162                        | \$1,295,087   |
| Total Governmental Cost Funds and Se- lected |  |                       |                       |                            |                   |                        |                  |                        |                              |               |
| Bond Funds.....                              | \$60,474,709                                 | \$12,180,239          | \$575,662             | \$73,230,610               | \$58,507          | \$20,699               | -                | \$4,201,144            | \$162                        | \$77,511,122  |
| Nongovernmental Cost Funds                   |  |                       |                       |                            |                   |                        |                  |                        |                              |               |
| Public Service Enterprise Funds.....         | -  | -                     | 2,720                 | 2,720                      | 2,977,983         | -                      | -                | 1,910,959              | -                            | 4,891,662     |
| Working Capital and Revolving Funds.....     | -  | 17,131                | 29,728                | 46,859                     | 470,762           | 803,698                | -                | -4,013                 | -                            | 1,317,306     |
| Bond Funds—Other.....                        | -  | -                     | -                     | -                          | -                 | -                      | -                | 32,954                 | -                            | 32,954        |
| Trust and Agency Funds:                      |  |                       |                       |                            |                   |                        |                  |                        |                              |               |
| Retirement Funds.....                        | -  | -                     | -                     | -                          | -                 | -                      | 9,436,280        | 451                    | -                            | 9,436,731     |
| Trust and Agency Funds—Federal .....         | -  | 28,848,364            | -                     | 28,848,364                 | -                 | -                      | -                | 3,100,599              | 5,030,013                    | 36,978,976    |
| Trust and Agency Funds—Other .....           | -  | 925,408               | 325                   | 925,733                    | 46,970            | -                      | -                | 3,561,415              | -                            | 4,534,118     |
| Other Nongovernmental Cost Funds.....        | -  | -                     | -                     | -                          | -                 | -                      | -                | -                      | 18,209,344                   | 18,209,344    |
| Total Nongovernmental Cost Funds.....        | -  | \$29,790,903          | \$32,773              | \$29,823,676               | \$3,495,715       | \$803,698              | \$9,436,280      | \$8,602,365            | \$23,239,357                 | \$75,401,091  |
| TOTAL SPENDING, ALL FUNDS .....              | \$60,474,709                                 | \$41,971,142          | \$608,435             | \$103,054,286              | \$3,554,222       | \$824,397              | \$9,436,280      | \$12,803,509           | \$23,239,519                 | \$152,912,213 |



**SCHEDULE 4A**  
**PERSONNEL YEARS AND SALARY COST ESTIMATES**  
**(Excludes Staff Benefits)**  
**(dollars in thousands)**

|   | Personnel Years |           |           | Dollars      |              |              |
|---|-----------------|-----------|-----------|--------------|--------------|--------------|
|   | 1997-98         | 1998-99   | 1999-00   | 1997-98      | 1998-99      | 1999-00      |
| Legislative, Judicial, and Executive        |                 |           |           |              |              |              |
| Legislative .....                           | 658.5           | 713.0     | 730.0     | \$37,331     | \$42,832     | \$45,778     |
| Judicial .....                              | 1,063.4         | 1,235.0   | 1,321.7   | 77,505       | 87,434       | 95,937       |
| Executive/Governor .....                    | 916.0           | 906.3     | 887.2     | 43,773       | 44,787       | 44,293       |
| Executive/Constitutional Offices .....      | 10,694.4        | 11,930.6  | 12,082.9  | 492,225      | 538,331      | 555,346      |
| State and Consumer Services .....           | 13,124.1        | 14,548.7  | 14,610.8  | 526,303      | 582,584      | 593,315      |
| Business, Transportation, and Housing       |                 |           |           |              |              |              |
| Business and Housing .....                  | 1,881.2         | 2,109.2   | 2,135.9   | 86,664       | 95,426       | 97,529       |
| Transportation .....                        | 34,980.1        | 39,377.5  | 39,776.6  | 1,625,944    | 1,814,710    | 1,827,890    |
| Trade and Commerce Agency .....             | 286.3           | 323.8     | 324.2     | 13,506       | 15,372       | 15,706       |
| Resources .....                             | 14,158.6        | 14,769.1  | 14,876.5  | 634,639      | 667,408      | 676,737      |
| Calif Environmental Protection Agency ..... | 3,840.4         | 4,307.7   | 4,326.2   | 193,270      | 212,266      | 215,221      |
| Health and Human Services .....             | 29,492.6        | 32,785.9  | 32,446.6  | 1,270,016    | 1,373,201    | 1,388,702    |
| Youth and Adult Correctional Agency .....   | 45,671.9        | 49,424.1  | 50,934.1  | 2,217,563    | 2,382,492    | 2,502,555    |
| Education                                   |                 |           |           |              |              |              |
| K thru 12 Education .....                   | 2,549.2         | 2,780.9   | 2,814.9   | 110,025      | 121,953      | 123,553      |
| Higher Education-Community Colleges ....    | 175.7           | 215.8     | 220.6     | 9,010        | 10,556       | 11,153       |
| Higher Education-UC, CSU and Other .....    | 91,165.8        | 89,737.7  | 89,745.1  | 4,296,202    | 4,431,834    | 4,560,655    |
| General Government                          |                 |           |           |              |              |              |
| General Administration .....                | 13,893.0        | 14,555.0  | 14,845.3  | 589,493      | 628,255      | 648,973      |
| NET TOTALS, SALARIES AND WAGES .....        | 264,551.2       | 279,720.3 | 282,078.6 | \$12,223,469 | \$13,049,441 | \$13,403,343 |
| Position Classification                     |                 |           |           |              |              |              |
| Civil Service .....                         | 171,045.3       | 187,272.4 | 189,559.4 | \$7,762,500  | \$8,430,150  | \$8,647,922  |
| Constitutional .....                        | 109.2           | 111.0     | 111.0     | 13,244       | 13,613       | 13,713       |
| Statutory .....                             | 164.3           | 173.8     | 174.3     | 16,518       | 18,014       | 18,109       |
| Exempt                                      |                 |           |           |              |              |              |
| Various Departments .....                   | 2,469.0         | 2,811.0   | 2,881.8   | 151,284      | 171,311      | 178,963      |
| Higher Education                            |                 |           |           |              |              |              |
| University of California .....              | 54,791.3        | 54,460.0  | 54,460.0  | 2,573,348    | 2,651,902    | 2,687,022    |
| Hastings College of Law .....               | 227.9           | 223.1     | 223.1     | 13,982       | 14,634       | 15,393       |
| California State University .....           | 35,744.2        | 34,669.0  | 34,669.0  | 1,692,593    | 1,749,817    | 1,842,221    |
| NET TOTALS, SALARIES AND WAGES .....        | 264,551.2       | 279,720.3 | 282,078.6 | \$12,223,469 | \$13,049,441 | \$13,403,343 |

**SCHEDULE 4B**  
**POSITIONS AND SALARY COST ESTIMATES**  
**(Excludes Staff Benefits)**  
**(dollars in thousands)**

|  | Personnel Years  |                  |                  | Dollars             |                     |                     |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
|  | 1997-98          | 1998-99          | 1999-00          | 1997-98             | 1998-99             | 1999-00             |
| Legislative, Judicial, and Executive       |                  |                  |                  |                     |                     |                     |
| Legislative.....                           | 658.5            | 724.5            | 741.5            | \$37,331            | \$43,431            | \$46,377            |
| Judicial.....                              | 1,063.4          | 1,299.1          | 1,394.6          | 77,505              | 92,322              | 99,918              |
| Executive/Governor.....                    | 916.0            | 943.5            | 924.8            | 43,773              | 46,738              | 46,318              |
| Executive/Constitutional Offices.....      | 10,694.4         | 12,629.3         | 12,782.4         | 492,225             | 569,117             | 584,666             |
| State and Consumer Services.....           | 13,124.1         | 15,189.6         | 15,353.0         | 526,303             | 608,622             | 622,861             |
| Business, Transportation, and Housing      |                  |                  |                  |                     |                     |                     |
| Business and Housing.....                  | 1,881.2          | 2,241.3          | 2,256.9          | 86,664              | 100,214             | 102,682             |
| Transportation.....                        | 34,980.1         | 40,956.7         | 41,265.0         | 1,625,944           | 1,916,657           | 1,957,557           |
| Traffic and Commerce Agency.....           | 286.3            | 340.5            | 340.9            | 13,506              | 16,174              | 16,514              |
| Resources.....                             | 14,158.6         | 15,640.0         | 15,762.8         | 634,639             | 698,551             | 711,492             |
| Calif Environmental Protection Agency..... | 3,840.4          | 4,510.6          | 4,534.4          | 193,270             | 221,689             | 225,818             |
| Health and Human Services.....             | 29,492.6         | 34,837.0         | 34,715.3         | 1,270,016           | 1,455,340           | 1,477,801           |
| Youth and Adult Correctional Agency.....   | 45,671.9         | 51,863.0         | 53,612.5         | 2,217,563           | 2,503,981           | 2,634,361           |
| Education                                  |                  |                  |                  |                     |                     |                     |
| K thru 12 Education.....                   | 2,549.2          | 2,959.7          | 2,990.4          | 110,025             | 128,489             | 130,041             |
| Higher Education-Community Colleges...     | 175.7            | 227.2            | 232.2            | 9,010               | 11,114              | 11,736              |
| Higher Education-UC, CSU and Other.....    | 91,165.8         | 92,817.4         | 92,824.5         | 4,296,202           | 4,581,481           | 4,710,330           |
| General Government                         |                  |                  |                  |                     |                     |                     |
| General Administration.....                | 13,893.0         | 15,065.2         | 15,357.9         | 589,493             | 650,385             | 671,847             |
| <b>TOTALS, SALARIES AND WAGES.....</b>     | <b>264,551.2</b> | <b>292,244.6</b> | <b>295,089.1</b> | <b>\$12,223,469</b> | <b>\$13,644,305</b> | <b>\$14,050,319</b> |
| Less Salary Savings.....                   | -                | -12,524.3        | -13,010.5        | -                   | -594,864            | -646,976            |
| <b>NET TOTALS, SALARIES AND WAGES.....</b> | <b>264,551.2</b> | <b>279,720.3</b> | <b>282,078.6</b> | <b>\$12,223,469</b> | <b>\$13,049,441</b> | <b>\$13,403,343</b> |

**SCHEDULE 5A  
CASHFLOW STATEMENTS  
STATEMENT OF ESTIMATED ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE  
GENERAL FUND**

(Dollars in Thousands)

|  | Actual 1997-98 Fiscal Year Accruals |                                      |                               | Estimated 1998-99 Fiscal Year Accruals |                                      |                               | Estimated 1999-00 Fiscal Year Accruals |                                      |                               |
|--|-------------------------------------|--------------------------------------|-------------------------------|--|--------------------------------------|-------------------------------|--|--------------------------------------|-------------------------------|
|  | Accounts payable<br>June 30, 1998   | Accounts receivable<br>June 30, 1998 | Net accruals<br>June 30, 1998 | Accounts payable<br>June 30, 1999      | Accounts receivable<br>June 30, 1999 | Net accruals<br>June 30, 1999 | Accounts payable<br>June 30, 2000      | Accounts receivable<br>June 30, 2000 | Net accruals<br>June 30, 2000 |
| <b>STATE OPERATIONS</b>                    |                                     |                                      |                               |  |                                      |                               |  |                                      |                               |
| Legislative/Judicial/Executive .....       | \$187,930                           | \$47,976                             | \$139,954                     | \$193,568                              | \$49,415                             | \$144,153                     | \$199,375                              | \$50,897                             | \$148,478                     |
| State and Consumer Services .....          | 37,306                              | 8,049                                | 29,257                        | 38,425                                 | 8,290                                | 30,135                        | 39,578                                 | 8,539                                | 31,039                        |
| Business, Transportation and Housing ..... | 3,078                               | 7,031                                | -3,953                        | 3,170                                  | 7,242                                | -4,072                        | 3,265                                  | 7,459                                | -4,194                        |
| Trade and Commerce .....                   | 15,529                              | 1,997                                | 13,536                        | 15,995                                 | 2,057                                | 13,938                        | 16,475                                 | 2,119                                | 14,356                        |
| Resources .....                            | 125,640                             | 69,961                               | 55,679                        | 129,409                                | 72,060                               | 57,349                        | 133,291                                | 74,222                               | 59,069                        |
| California Environmental Protection .....  | 9,297                               | 13,685                               | -4,388                        | 9,576                                  | 14,096                               | -4,520                        | 9,863                                  | 14,519                               | -4,656                        |
| Health and Human Services:                 |                                     |                                      |                               |  |                                      |                               |  |                                      |                               |
| Health and Human Services .....            | 45,237                              | 108,331                              | -63,094                       | 46,594                                 | 111,581                              | -64,987                       | 47,992                                 | 114,928                              | -66,936                       |
| Developmental Services .....               | 47,325                              | 60,609                               | -13,284                       | 48,745                                 | 62,427                               | -13,682                       | 50,207                                 | 64,300                               | -14,093                       |
| Mental Health .....                        | 29,478                              | 93,570                               | -64,092                       | 30,362                                 | 96,377                               | -66,015                       | 31,273                                 | 99,268                               | -67,995                       |
| Other Health and Human Services .....      | 99,833                              | 114,236                              | -14,403                       | 102,828                                | 117,663                              | -14,835                       | 105,913                                | 121,193                              | -15,280                       |
| Education:                                 |                                     |                                      |                               |  |                                      |                               |  |                                      |                               |
| Department of Education .....              | 66,978                              | 7,195                                | 59,783                        | 68,987                                 | 7,411                                | 61,576                        | 71,057                                 | 7,633                                | 63,424                        |
| University of California .....             | 33,647                              | -                                    | 33,647                        | 34,656                                 | -                                    | 34,656                        | 35,696                                 | -                                    | 35,696                        |
| California State University .....          | 182,121                             | 85,632                               | 96,489                        | 187,585                                | 88,201                               | 99,384                        | 193,213                                | 90,847                               | 102,366                       |
| Other Education .....                      | 43,181                              | 25,296                               | 17,885                        | 44,476                                 | 26,055                               | 18,421                        | 45,810                                 | 26,837                               | 18,973                        |
| Youth and Adult Correctional .....         | 336,326                             | 346,562                              | -10,236                       | 346,416                                | 356,959                              | -10,543                       | 356,808                                | 367,568                              | -10,860                       |
| General Government .....                   | 266,100                             | 53,195                               | 212,905                       | 274,083                                | 54,791                               | 219,292                       | 282,305                                | 56,435                               | 225,870                       |
| <b>Totals, State Operations .....</b>      | <b>\$1,529,006</b>                  | <b>\$1,043,325</b>                   | <b>\$485,681</b>              | <b>\$1,574,875</b>                     | <b>\$1,074,625</b>                   | <b>\$500,250</b>              | <b>\$1,622,121</b>                     | <b>\$1,106,864</b>                   | <b>\$515,257</b>              |
| <b>LOCAL ASSISTANCE</b>                    |                                     |                                      |                               |  |                                      |                               |  |                                      |                               |
| Public Schools K-12 .....                  | \$379,542                           | \$40,770                             | \$338,772                     | \$390,928                              | \$41,993                             | \$348,935                     | \$402,656                              | \$43,253                             | \$359,403                     |
| California Community Colleges .....        | 22,893                              | 1,337                                | 21,556                        | 23,580                                 | 1,377                                | 22,203                        | 24,287                                 | 1,418                                | 22,869                        |
| Other Education .....                      | 6,710                               | 1,049                                | 5,661                         | 6,911                                  | 1,080                                | 5,831                         | 7,118                                  | 1,112                                | 6,006                         |
| Alcohol and Drug Abuse .....               | 2,649                               | 33,166                               | -30,517                       | 2,728                                  | 34,161                               | -31,433                       | 2,810                                  | 35,186                               | -32,376                       |
| Health Services .....                      | 859,503                             | 72,220                               | 787,283                       | 885,288                                | 74,387                               | 810,901                       | 911,847                                | 76,619                               | 835,228                       |
| Developmental Services .....               | 238,431                             | 273,721                              | -35,290                       | 245,584                                | 281,933                              | -36,349                       | 252,952                                | 290,391                              | -37,439                       |
| Mental Health .....                        | 12,395                              | 164,047                              | -151,652                      | 12,767                                 | 168,968                              | -156,201                      | 13,150                                 | 174,037                              | -160,887                      |
| Social Services .....                      | 126,138                             | 127,343                              | -1,205                        | 129,922                                | 131,163                              | -1,241                        | 133,820                                | 135,098                              | -1,278                        |
| Other Health and Human Services .....      | 18,193                              | 18,534                               | -341                          | 18,739                                 | 19,090                               | -351                          | 19,301                                 | 19,663                               | -362                          |
| General Tax Relief .....                   | 4,378                               | 252                                  | 4,126                         | 4,509                                  | 260                                  | 4,249                         | 4,644                                  | 268                                  | 4,376                         |
| Other Local Assistance .....               | 27,366                              | 25,906                               | 1,460                         | 28,187                                 | 26,683                               | 1,504                         | 29,033                                 | 27,483                               | 1,550                         |
| <b>Totals, Local Assistance .....</b>      | <b>\$1,698,198</b>                  | <b>\$758,345</b>                     | <b>\$939,853</b>              | <b>\$1,749,143</b>                     | <b>\$781,095</b>                     | <b>\$968,048</b>              | <b>\$1,801,618</b>                     | <b>\$804,528</b>                     | <b>\$997,090</b>              |
| <b>TOTALS, ALL CHARACTERS .....</b>        | <b>\$3,227,204</b>                  | <b>\$1,801,670</b>                   | <b>\$1,425,534</b>            | <b>\$3,324,018</b>                     | <b>\$1,855,720</b>                   | <b>\$1,468,298</b>            | <b>\$3,423,739</b>                     | <b>\$1,911,392</b>                   | <b>\$1,512,347</b>            |

Note: Numbers may not add due to rounding.



**SCHEDULE 5B**  
**CASHFLOW STATEMENTS**  
**ACTUAL 1997-98 FISCAL YEAR CASHFLOW**  
**GENERAL FUND**  
(Dollars in Millions)

| 1997-98 FISCAL CASHFLOW  | JUL             | AUG             | SEP             | OCT             | NOV            | DEC             | JAN             | FEB             | MAR            | APR             | MAY             | JUNE            | TOTAL           |
|--|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| BEGINNING CASH BALANCE   | \$0             | \$1             | \$1             | \$1             | \$1            | \$1             | \$1             | \$108           | \$1            | \$1             | \$608           | \$1,011         | \$0             |
| <b>RECEIPTS:</b>   |                 |                 |                 |                 |                |                 |                 |                 |                |                 |                 |                 |                 |
| Alcoholic Beverage Excise Tax .....                            | \$10            | \$40            | \$24            | \$23            | \$24           | \$22            | \$27            | \$17            | \$17           | \$22            | \$23            | \$22            | \$271           |
| Bank and Corporation Tax .....                                 | 160             | 26              | 1,100           | 201             | 8              | 920             | 44              | 132             | 796            | 871             | 147             | 1,182           | 5,587           |
| Cigarette Tax .....  | 12              | 14              | 18              | 15              | 5              | 23              | 15              | 3               | 22             | 8               | 16              | 15              | 166             |
| Inheritance, Gift and Estate Taxes .....                       | 65              | 49              | 65              | 74              | 43             | 51              | 65              | 80              | 71             | 115             | 52              | 58              | 788             |
| Insurance Tax .....  | 5               | 3               | 261             | 5               | 4              | 281             | 6               | 6               | 22             | 364             | 7               | 261             | 1,225           |
| Personal Income Tax .....                                      | 1,632           | 1,537           | 2,625           | 1,595           | 1,283          | 2,792           | 4,289           | 1,345           | 1,108          | 5,812           | 1,047           | 2,716           | 27,781          |
| Retail Sales and Use Tax .....                                 | 602             | 2,126           | 1,386           | 523             | 2,017          | 1,716           | 556             | 2,559           | 1,337          | 528             | 2,449           | 1,816           | 17,615          |
| Income from Pooled Money Investments ..                        | 12              | 34              | 24              | 11              | 16             | 18              | 20              | 20              | 33             | 16              | 17              | 41              | 262             |
| Transfer from Special Fund for Economic<br>Uncertainties ..... | 0               | 0               | 0               | 0               | 0              | 0               | 275             | 2               | 0              | 0               | 36              | 4               | 317             |
| Other .....  | 84              | 128             | 112             | 87              | 189            | 85              | 115             | 87              | 56             | 126             | 69              | 112             | 1,250           |
| <b>TOTAL, Receipts .....</b>                                   | <b>\$2,582</b>  | <b>\$3,957</b>  | <b>\$5,615</b>  | <b>\$2,534</b>  | <b>\$3,589</b> | <b>\$5,908</b>  | <b>\$5,412</b>  | <b>\$4,251</b>  | <b>\$3,462</b> | <b>\$7,862</b>  | <b>\$3,863</b>  | <b>\$6,227</b>  | <b>\$55,262</b> |
| <b>DISBURSEMENTS:</b>  |                 |                 |                 |                 |                |                 |                 |                 |                |                 |                 |                 |                 |
| State Operations:  |                 |                 |                 |                 |                |                 |                 |                 |                |                 |                 |                 |                 |
| University of California .....                                 | \$227           | \$129           | \$197           | \$195           | \$221          | \$176           | \$177           | \$191           | \$292          | \$232           | \$48            | \$97            | \$2,182         |
| Debt Service .....   | -4              | 545             | -1              | 501             | 0              | 32              | 161             | 227             | -10            | 243             | 106             | 71              | 1,871           |
| Other State Operations .....                                   | 2,021           | 947             | 757             | 895             | 713            | 651             | 781             | 575             | 593            | 774             | 644             | 697             | 10,048          |
| Social Services .....  | 490             | 726             | 484             | 450             | 356            | 433             | 383             | 445             | 392            | 486             | 451             | 315             | 5,411           |
| Medi-Cal Assistance .....                                      | 410             | 745             | 563             | 702             | 367            | 985             | 328             | 536             | 604            | 640             | 513             | 503             | 6,896           |
| Other Health and Human Services .....                          | -4              | 36              | 25              | 57              | -11            | 17              | 27              | 24              | 5              | 27              | 34              | 37              | 274             |
| Schools .....  | 1,178           | 2,046           | 1,941           | 1,814           | 1,293          | 1,752           | 1,698           | 3,791           | 1,973          | 2,449           | 1,436           | 1,245           | 22,616          |
| Teachers' Retirement .....                                     | 488             | 0               | 0               | 149             | 0              | 0               | 167             | 0               | 0              | 149             | 0               | 0               | 953             |
| Transfer to Special Fund for Economic<br>Uncertainties .....   | 0               | 0               | 0               | 0               | 0              | 0               | 112             | 0               | 0              | 0               | 0               | 0               | 112             |
| Other .....  | -181            | 464             | 463             | 267             | 217            | 404             | 136             | 152             | 232            | 53              | 228             | 338             | 2,773           |
| <b>TOTAL, Disbursements .....</b>                              | <b>\$4,625</b>  | <b>\$5,638</b>  | <b>\$4,429</b>  | <b>\$5,030</b>  | <b>\$3,156</b> | <b>\$4,450</b>  | <b>\$3,970</b>  | <b>\$5,941</b>  | <b>\$4,081</b> | <b>\$5,053</b>  | <b>\$3,460</b>  | <b>\$3,303</b>  | <b>\$53,137</b> |
| <b>EXCESS RECEIPTS/(DEFICIT) .....</b>                         | <b>-\$2,043</b> | <b>-\$1,681</b> | <b>\$1,186</b>  | <b>-\$2,496</b> | <b>\$433</b>   | <b>\$1,458</b>  | <b>\$1,442</b>  | <b>-\$1,690</b> | <b>-\$619</b>  | <b>\$2,809</b>  | <b>\$403</b>    | <b>\$2,924</b>  | <b>\$2,125</b>  |
| <b>NET TEMPORARY LOANS:</b>                                    |                 |                 |                 |                 |                |                 |                 |                 |                |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                     | \$0             | -\$1            | \$0             | \$0             | \$0            | \$0             | -\$280          | \$115           | \$0            | -\$115          | \$0             | \$0             | -\$281          |
| Other Internal Sources .....                                   | 2,044           | 1,683           | -4,186          | 2,496           | -433           | -1,458          | -1,055          | 1,467           | 619            | -2,087          | 0               | 0               | -909            |
| External Sources .....   | 0               | 0               | 3,000           | 0               | 0              | 0               | 0               | 0               | 0              | 0               | 0               | -3,000          | 0               |
| <b>TOTAL, Net Temporary Loans .....</b>                        | <b>\$2,044</b>  | <b>\$1,682</b>  | <b>-\$1,186</b> | <b>\$2,496</b>  | <b>-\$433</b>  | <b>-\$1,458</b> | <b>-\$1,335</b> | <b>\$1,582</b>  | <b>\$619</b>   | <b>-\$2,202</b> | <b>\$0</b>      | <b>-\$3,000</b> | <b>-\$1,190</b> |
| <b>ENDING CASH BALANCE .....</b>                               | <b>\$1</b>      | <b>\$1</b>      | <b>\$1</b>      | <b>\$1</b>      | <b>\$1</b>     | <b>\$1</b>      | <b>\$108</b>    | <b>\$1</b>      | <b>\$1</b>     | <b>\$608</b>    | <b>\$1,011</b>  | <b>\$935</b>    | <b>\$935</b>    |
| <b>AVAILABLE/BORROWABLE RESOURCES:</b>                         |                 |                 |                 |                 |                |                 |                 |                 |                |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                     | \$305           | \$305           | \$305           | \$305           | \$305          | \$305           | \$112           | \$112           | \$112          | \$112           | \$112           | \$112           | \$112           |
| Other Internal Sources .....                                   | 5,866           | 6,407           | 6,408           | 6,098           | 6,212          | 6,175           | 5,981           | 6,482           | 6,688          | 6,309           | 7,085           | 6,755           | 6,755           |
| External Sources .....   | 0               | 0               | 3,000           | 3,000           | 3,000          | 3,000           | 3,000           | 3,000           | 3,000          | 3,000           | 3,000           | 0               | 0               |
| <b>TOTAL, Available/Borrowable Resources ..</b>                | <b>\$6,171</b>  | <b>\$6,712</b>  | <b>\$9,713</b>  | <b>\$9,403</b>  | <b>\$9,517</b> | <b>\$9,480</b>  | <b>\$9,093</b>  | <b>\$9,594</b>  | <b>\$9,800</b> | <b>\$9,421</b>  | <b>\$10,197</b> | <b>\$6,867</b>  | <b>\$6,867</b>  |
| <b>CUMULATIVE LOAN BALANCES:</b>                               |                 |                 |                 |                 |                |                 |                 |                 |                |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                     | \$281           | \$280           | \$280           | \$280           | \$280          | \$280           | \$0             | \$115           | \$115          | \$0             | \$0             | \$0             | \$0             |
| Other Internal Sources .....                                   | 2,953           | 4,636           | 450             | 2,945           | 2,512          | 1,055           | 0               | 1,467           | 2,087          | 0               | 0               | 0               | 0               |
| External Sources .....   | 0               | 0               | 3,000           | 3,000           | 3,000          | 3,000           | 3,000           | 3,000           | 3,000          | 3,000           | 3,000           | 0               | 0               |
| <b>TOTAL, Cumulative Loan Balances .....</b>                   | <b>\$3,234</b>  | <b>\$4,916</b>  | <b>\$3,730</b>  | <b>\$6,225</b>  | <b>\$5,792</b> | <b>\$4,335</b>  | <b>\$3,000</b>  | <b>\$4,582</b>  | <b>\$5,202</b> | <b>\$3,000</b>  | <b>\$3,000</b>  | <b>\$0</b>      | <b>\$0</b>      |
| <b>UNUSED BORROWABLE RESOURCES .....</b>                       | <b>\$2,937</b>  | <b>\$1,796</b>  | <b>\$5,983</b>  | <b>\$3,178</b>  | <b>\$3,725</b> | <b>\$5,145</b>  | <b>\$6,093</b>  | <b>\$5,012</b>  | <b>\$4,598</b> | <b>\$6,421</b>  | <b>\$7,197</b>  | <b>\$6,867</b>  | <b>\$6,867</b>  |

Note: Numbers may not add due to rounding

**SCHEDULE 5C**  
**CASHFLOW STATEMENTS**  
**ESTIMATED 1998-99 FISCAL YEAR CASHFLOW**  
**GENERAL FUND**  
(Dollars in Millions)

| 1998-99 FISCAL CASHFLOW                                     | JUL             | AUG             | SEP            | OCT             | NOV            | DEC             | JAN            | FEB             | MAR             | APR             | MAY             | JUNE            | TOTAL           |
|---|-----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>BEGINNING CASH BALANCE.....</b>                          | <b>\$935</b>    | <b>\$1</b>      | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$935</b>    |
| <b>RECEIPTS:</b>  |                 |                 |                |                 |                |                 |                |                 |                 |                 |                 |                 |                 |
| Alcoholic Beverage Excise Tax .....                         | \$26            | \$21            | \$23           | \$24            | \$23           | \$24            | \$25           | \$17            | \$19            | \$21            | \$23            | \$21            | \$267           |
| Bank and Corporation Tax .....                              | 144             | 76              | 1,167          | 299             | 90             | 760             | 58             | 137             | 840             | 946             | 191             | 1,196           | 5,904           |
| Cigarette Tax.....  | 13              | 15              | 12             | 12              | 6              | 28              | 11             | 9               | 10              | 11              | 10              | 11              | 148             |
| Inheritance, Gift and Estate Taxes .....                    | 76              | 73              | 125            | 79              | 45             | 76              | 67             | 67              | 67              | 67              | 68              | 67              | 877             |
| Insurance Tax .....   | 8               | 3               | 293            | 6               | 4              | 294             | 11             | 4               | 49              | 304             | 5               | 258             | 1,239           |
| Personal Income Tax .....                                   | 1,720           | 1,586           | 3,000          | 1,757           | 1,444          | 2,919           | 4,292          | 1,647           | 873             | 5,050           | 1,180           | 2,672           | 28,140          |
| Retail Sales and Use Tax .....                              | 516             | 2,148           | 1,495          | 579             | 2,143          | 1,635           | 783            | 2,810           | 1,426           | 555             | 2,565           | 1,869           | 18,524          |
| Income from Pooled Money Investments ..                     | 33              | 21              | 25             | 22              | 16             | 22              | 25             | 25              | 41              | 18              | 18              | 45              | 311             |
| Transfer from Special Fund for Economic Uncertainties ..... | 3               | 0               | 0              | 0               | 0              | 0               | 109            | 0               | 0               | 0               | 0               | 0               | 112             |
| Other .....   | 40              | -21             | 84             | 57              | 181            | -36             | 59             | 80              | 53              | 83              | 72              | 7               | 659             |
| <b>TOTAL, Receipts .....</b>                                | <b>\$2,579</b>  | <b>\$3,922</b>  | <b>\$6,224</b> | <b>\$2,835</b>  | <b>\$3,952</b> | <b>\$5,722</b>  | <b>\$5,440</b> | <b>\$4,796</b>  | <b>\$3,378</b>  | <b>\$7,055</b>  | <b>\$4,132</b>  | <b>\$6,146</b>  | <b>\$56,181</b> |
| <b>DISBURSEMENTS:</b>                                       |                 |                 |                |                 |                |                 |                |                 |                 |                 |                 |                 |                 |
| State Operations:   |                 |                 |                |                 |                |                 |                |                 |                 |                 |                 |                 |                 |
| University of California .....                              | \$255           | \$140           | \$239          | \$221           | \$210          | \$234           | \$207          | \$239           | \$283           | \$252           | \$61            | \$177           | \$2,518         |
| Debt Service .....  | 186             | -6              | 351            | 561             | -10            | 31              | 0              | 175             | 202             | 341             | 0               | 93              | 1,924           |
| Other State Operations .....                                | 1,332           | 802             | 823            | 915             | 766            | 790             | 786            | 688             | 534             | 790             | 734             | 1,020           | 9,980           |
| Social Services .....                                       | 653             | 728             | 774            | 806             | 501            | 235             | 340            | 334             | 458             | 375             | 447             | 461             | 6,112           |
| Medi-Cal Assistance .....                                   | 465             | 706             | 445            | 754             | 622            | 826             | 563            | 612             | 681             | 637             | 494             | 544             | 7,349           |
| Other Health and Human Services .....                       | 31              | 62              | 51             | 23              | 6              | 36              | 22             | 18              | 22              | 40              | 27              | 19              | 376             |
| Schools .....   | 1,280           | 2,276           | 2,321          | 2,143           | 1,805          | 1,703           | 1,955          | 4,347           | 2,493           | 2,004           | 1,685           | 1,444           | 25,456          |
| Teachers' Retirement .....                                  | 233             | 0               | 0              | 20              | 0              | 0               | 20             | 0               | 0               | 20              | 0               | 0               | 293             |
| Transfer to Special Fund for Economic Uncertainties .....   | 0               | 0               | 0              | 0               | 0              | 0               | 1,255          | 0               | 0               | 0               | 0               | 0               | 1,255           |
| Other .....   | -13             | 373             | 577            | 177             | 358            | 400             | 413            | 148             | 438             | 365             | 311             | 980             | 4,527           |
| <b>TOTAL, Disbursements.....</b>                            | <b>\$4,422</b>  | <b>\$5,081</b>  | <b>\$5,581</b> | <b>\$5,620</b>  | <b>\$4,258</b> | <b>\$4,255</b>  | <b>\$5,580</b> | <b>\$6,561</b>  | <b>\$5,111</b>  | <b>\$4,824</b>  | <b>\$3,759</b>  | <b>\$4,738</b>  | <b>\$59,789</b> |
| <b>EXCESS RECEIPTS/(DEFICIT).....</b>                       | <b>-\$1,843</b> | <b>-\$1,159</b> | <b>\$643</b>   | <b>-\$2,785</b> | <b>-\$306</b>  | <b>\$1,467</b>  | <b>-\$140</b>  | <b>-\$1,765</b> | <b>-\$1,733</b> | <b>\$2,231</b>  | <b>\$373</b>    | <b>\$1,408</b>  | <b>-\$3,608</b> |
| <b>NET TEMPORARY LOANS:</b>                                 |                 |                 |                |                 |                |                 |                |                 |                 |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                  | \$72            | \$0             | \$0            | \$0             | \$0            | \$0             | \$1,183        | \$0             | \$0             | \$0             | \$0             | \$0             | \$1,255         |
| Other Internal Sources .....                                | 837             | 1,158           | -643           | 1,085           | 306            | -1,467          | -1,043         | 1,765           | 1,734           | -2,231          | -373            | 292             | 1,418           |
| External Sources .....                                      | 0               | 0               | 0              | 1,700           | 0              | 0               | 0              | 0               | 0               | 0               | 0               | -1,700          | 0               |
| <b>TOTAL, Net Temporary Loans .....</b>                     | <b>\$909</b>    | <b>\$1,158</b>  | <b>-\$643</b>  | <b>\$2,785</b>  | <b>\$306</b>   | <b>-\$1,467</b> | <b>\$140</b>   | <b>\$1,765</b>  | <b>\$1,734</b>  | <b>-\$2,231</b> | <b>-\$373</b>   | <b>-\$1,408</b> | <b>\$2,673</b>  |
| <b>ENDING CASH BALANCE .....</b>                            | <b>\$1</b>      | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      |
| <b>AVAILABLE/BORROWABLE RESOURCES:</b>                      |                 |                 |                |                 |                |                 |                |                 |                 |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                  | \$112           | \$112           | \$112          | \$112           | \$112          | \$112           | \$1,255        | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         |
| Other Internal Sources .....                                | 6,462           | 7,281           | 7,037          | 6,808           | 6,979          | 6,804           | 6,537          | 6,904           | 6,890           | 6,606           | 7,282           | 4,843           | 4,843           |
| External Sources .....                                      | 0               | 0               | 0              | 1,700           | 1,700          | 1,700           | 1,700          | 1,700           | 1,700           | 1,700           | 1,700           | 0               | 0               |
| <b>TOTAL, Available/Borrowable Resources ..</b>             | <b>\$6,574</b>  | <b>\$7,393</b>  | <b>\$7,149</b> | <b>\$8,620</b>  | <b>\$8,791</b> | <b>\$8,616</b>  | <b>\$9,492</b> | <b>\$9,859</b>  | <b>\$9,845</b>  | <b>\$9,561</b>  | <b>\$10,237</b> | <b>\$6,098</b>  | <b>\$6,098</b>  |
| <b>CUMULATIVE LOAN BALANCES:</b>                            |                 |                 |                |                 |                |                 |                |                 |                 |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                  | \$72            | \$72            | \$72           | \$72            | \$72           | \$72            | \$1,255        | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         |
| Other Internal Sources .....                                | 837             | 1,995           | 1,352          | 2,437           | 2,743          | 1,276           | 232            | 1,997           | 3,731           | 1,500           | 1,126           | 1,418           | 1,418           |
| External Sources .....                                      | 0               | 0               | 0              | 1,700           | 1,700          | 1,700           | 1,700          | 1,700           | 1,700           | 1,700           | 1,700           | 0               | 0               |
| <b>TOTAL, Cumulative Loan Balances .....</b>                | <b>\$909</b>    | <b>\$2,067</b>  | <b>\$1,424</b> | <b>\$4,209</b>  | <b>\$4,515</b> | <b>\$3,048</b>  | <b>\$3,187</b> | <b>\$4,952</b>  | <b>\$6,686</b>  | <b>\$4,455</b>  | <b>\$4,081</b>  | <b>\$2,673</b>  | <b>\$2,673</b>  |
| <b>UNUSED BORROWABLE RESOURCES .....</b>                    | <b>\$5,665</b>  | <b>\$5,326</b>  | <b>\$5,725</b> | <b>\$4,411</b>  | <b>\$4,276</b> | <b>\$5,568</b>  | <b>\$6,305</b> | <b>\$4,907</b>  | <b>\$3,159</b>  | <b>\$5,106</b>  | <b>\$6,156</b>  | <b>\$3,425</b>  | <b>\$3,425</b>  |

Note: Numbers may not add due to rounding.



**SCHEDULE 5D**  
**CASHFLOW STATEMENTS**  
**ESTIMATED 1999-00 FISCAL YEAR CASHFLOW**  
**GENERAL FUND**  
(Dollars in Millions)

| 1999-00 FISCAL CASHFLOW                                    | JUL             | AUG             | SEP             | OCT             | NOV             | DEC             | JAN            | FEB            | MAR             | APR             | MAY             | JUNE            | TOTAL           |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>BEGINNING CASH BALANCE</b> .....                        | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0            | \$0            | \$0             | \$0             | \$0             | \$0             | \$0             |
| <b>RECEIPTS:</b>   |                 |                 |                 |                 |                 |                 |                |                |                 |                 |                 |                 |                 |
| Alcoholic Beverage Excise Tax .....                        | \$25            | \$22            | \$24            | \$23            | \$23            | \$23            | \$25           | \$17           | \$18            | \$21            | \$23            | \$22            | \$266           |
| Bank and Corporation Tax .....                             | 173             | 131             | 1,133           | 255             | 85              | 958             | 71             | 140            | 898             | 1,000           | 198             | 1,235           | 6,277           |
| Cigarette Tax .....  | 11              | 12              | 11              | 11              | 11              | 11              | 11             | 10             | 10              | 10              | 10              | 11              | 130             |
| Inheritance, Gift and Estate Taxes .....                   | 70              | 70              | 70              | 70              | 70              | 70              | 70             | 70             | 71              | 71              | 71              | 71              | 844             |
| Insurance Tax .....  | 5               | 6               | 286             | 7               | 3               | 286             | 5              | 5              | 51              | 316             | 5               | 257             | 1,232           |
| Personal Income Tax .....                                  | 1,873           | 1,847           | 3,184           | 1,958           | 1,625           | 2,838           | 4,686          | 1,743          | 948             | 5,487           | 1,278           | 2,878           | 30,345          |
| Retail Sales and Use Tax .....                             | 460             | 2,586           | 1,417           | 437             | 2,542           | 1,788           | 368            | 3,151          | 1,528           | 429             | 2,820           | 1,990           | 19,516          |
| Income from Pooled Money Investments ..                    | 30              | 20              | 24              | 11              | 15              | 18              | 21             | 21             | 35              | 15              | 17              | 42              | 269             |
| Transfer from Special Fund for Economic Uncertainties..... | 0               | 0               | 0               | 0               | 0               | 0               | 1,255          | 0              | 0               | 0               | 0               | 0               | 1,255           |
| Other .....  | 61              | 81              | 81              | 62              | 243             | 57              | 70             | 96             | 58              | 105             | 85              | 632             | 1,631           |
| <b>TOTAL, Receipts</b> .....                               | <b>\$2,708</b>  | <b>\$4,775</b>  | <b>\$6,230</b>  | <b>\$2,834</b>  | <b>\$4,617</b>  | <b>\$6,049</b>  | <b>\$6,582</b> | <b>\$5,253</b> | <b>\$3,617</b>  | <b>\$7,455</b>  | <b>\$4,507</b>  | <b>\$7,138</b>  | <b>\$61,765</b> |
| <b>DISBURSEMENTS:</b>                                      |                 |                 |                 |                 |                 |                 |                |                |                 |                 |                 |                 |                 |
| State Operations:  |                 |                 |                 |                 |                 |                 |                |                |                 |                 |                 |                 |                 |
| University of California .....                             | \$305           | \$180           | \$215           | \$235           | \$241           | \$238           | \$210          | \$243          | \$288           | \$256           | \$62            | \$85            | \$2,558         |
| Debt Service .....   | 187             | 0               | 345             | 457             | 153             | 73              | 0              | 177            | 496             | 0               | 144             | 79              | 2,111           |
| Other State Operations .....                               | 1,111           | 1,087           | 904             | 1,033           | 823             | 799             | 828            | 713            | 556             | 833             | 764             | 716             | 10,167          |
| Social Services .....                                      | 709             | 713             | 710             | 523             | 397             | 449             | 495            | 497            | 481             | 476             | 463             | 472             | 6,385           |
| Medi-Cal Assistance .....                                  | 388             | 726             | 607             | 690             | 474             | 817             | 555            | 603            | 673             | 629             | 486             | 615             | 7,263           |
| Other Health and Human Services .....                      | 27              | 28              | 31              | 43              | 3               | 26              | 42             | 12             | 15              | 43              | 19              | 26              | 315             |
| Schools .....  | 1,375           | 2,437           | 2,276           | 2,120           | 2,034           | 1,811           | 3,206          | 3,604          | 2,105           | 2,079           | 1,556           | 1,559           | 26,162          |
| Teachers' Retirement .....                                 | 546             | 0               | 0               | 129             | 0               | 0               | 129            | 0              | 0               | 129             | 0               | 0               | 933             |
| Transfer to Special Fund for Economic Uncertainties.....   | 0               | 0               | 0               | 0               | 0               | 0               | 415            | 0              | 0               | 0               | 0               | 0               | 415             |
| Other .....  | 500             | 756             | 439             | 600             | 370             | 535             | 458            | 125            | 252             | 367             | 312             | 166             | 4,880           |
| <b>TOTAL, Disbursements</b> .....                          | <b>\$5,148</b>  | <b>\$5,927</b>  | <b>\$5,527</b>  | <b>\$5,830</b>  | <b>\$4,495</b>  | <b>\$4,748</b>  | <b>\$6,338</b> | <b>\$5,974</b> | <b>\$4,866</b>  | <b>\$4,812</b>  | <b>\$3,806</b>  | <b>\$3,718</b>  | <b>\$61,190</b> |
| <b>EXCESS RECEIPTS/(DEFICIT)</b> .....                     | <b>-\$2,440</b> | <b>-\$1,152</b> | <b>\$703</b>    | <b>-\$2,996</b> | <b>\$122</b>    | <b>\$1,301</b>  | <b>\$244</b>   | <b>-\$721</b>  | <b>-\$1,249</b> | <b>\$2,643</b>  | <b>\$701</b>    | <b>\$3,420</b>  | <b>\$575</b>    |
| <b>NET TEMPORARY LOANS:</b>                                |                 |                 |                 |                 |                 |                 |                |                |                 |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                 | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | -\$840         | \$0            | \$0             | \$0             | \$0             | \$0             | -\$840          |
| Other Internal Sources .....                               | -60             | 1,153           | -703            | 2,997           | -122            | -1,301          | 596            | 721            | 1,249           | -2,644          | -701            | -920            | 265             |
| External Sources .....                                     | 2,500           | 0               | 0               | 0               | 0               | 0               | 0              | 0              | 0               | 0               | 0               | -2,500          | 0               |
| <b>TOTAL, Net Temporary Loans</b> .....                    | <b>\$2,440</b>  | <b>\$1,153</b>  | <b>-\$703</b>   | <b>\$2,997</b>  | <b>-\$122</b>   | <b>-\$1,301</b> | <b>-\$244</b>  | <b>\$721</b>   | <b>\$1,249</b>  | <b>-\$2,644</b> | <b>-\$701</b>   | <b>-\$3,420</b> | <b>-\$575</b>   |
| <b>ENDING CASH BALANCE</b> .....                           | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      |
| <b>AVAILABLE/BORROWABLE RESOURCES:</b>                     |                 |                 |                 |                 |                 |                 |                |                |                 |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                 | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$415          | \$415          | \$415           | \$415           | \$415           | \$415           | \$415           |
| Other Internal Sources .....                               | 6,582           | 7,066           | 7,002           | 6,803           | 6,998           | 6,799           | 6,544          | 6,902          | 6,913           | 6,687           | 7,239           | 4,795           | 4,795           |
| External Sources .....                                     | 2,500           | 2,500           | 2,500           | 2,500           | 2,500           | 2,500           | 2,500          | 2,500          | 2,500           | 2,500           | 2,500           | 0               | 0               |
| <b>TOTAL, Available/Borrowable Resources</b> .....         | <b>\$10,337</b> | <b>\$10,821</b> | <b>\$10,757</b> | <b>\$10,558</b> | <b>\$10,753</b> | <b>\$10,554</b> | <b>\$9,459</b> | <b>\$9,817</b> | <b>\$9,828</b>  | <b>\$9,602</b>  | <b>\$10,154</b> | <b>\$5,210</b>  | <b>\$5,210</b>  |
| <b>CUMULATIVE LOAN BALANCES:</b>                           |                 |                 |                 |                 |                 |                 |                |                |                 |                 |                 |                 |                 |
| Special Fund for Economic Uncertainties ..                 | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$1,255         | \$415          | \$415          | \$415           | \$415           | \$415           | \$415           | \$415           |
| Other Internal Sources .....                               | 1,359           | 2,511           | 1,808           | 4,805           | 4,683           | 3,382           | 3,978          | 4,699          | 5,948           | 3,304           | 2,603           | 1,683           | 1,683           |
| External Sources .....                                     | 2,500           | 2,500           | 2,500           | 2,500           | 2,500           | 2,500           | 2,500          | 2,500          | 2,500           | 2,500           | 2,500           | 0               | 0               |
| <b>TOTAL, Cumulative Loan Balances</b> .....               | <b>\$5,114</b>  | <b>\$6,266</b>  | <b>\$5,563</b>  | <b>\$8,560</b>  | <b>\$8,438</b>  | <b>\$7,137</b>  | <b>\$6,893</b> | <b>\$7,614</b> | <b>\$8,863</b>  | <b>\$6,219</b>  | <b>\$5,518</b>  | <b>\$2,098</b>  | <b>\$2,098</b>  |
| <b>UNUSED BORROWABLE RESOURCES</b> .....                   | <b>\$5,223</b>  | <b>\$4,555</b>  | <b>\$5,194</b>  | <b>\$1,998</b>  | <b>\$2,315</b>  | <b>\$3,417</b>  | <b>\$2,566</b> | <b>\$2,203</b> | <b>\$965</b>    | <b>\$3,383</b>  | <b>\$4,636</b>  | <b>\$3,112</b>  | <b>\$3,112</b>  |

Note: Numbers may not add due to rounding.



**SCHEDULE 6**  
**SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES**

| Year          | Population <sup>1</sup><br>(Thousands) | Employees | Employees<br>Per 1,000<br>Population | Personal<br>Income<br>(Billions) | Revenue         |            | Expenditures                 |                    | Expenditures per<br>Capita   |                    | Expenditures per<br>\$100<br>of Personal<br>Income |                    |
|---------------|--|-----------|--------------------------------------|----------------------------------|-----------------|------------|------------------------------|--------------------|------------------------------|--------------------|--|--------------------|
|               |  |           |                                      |                                  | General<br>Fund | Total      | General<br>Fund <sup>2</sup> | Total <sup>3</sup> | General<br>Fund <sup>2</sup> | Total <sup>3</sup> | General<br>Fund <sup>2</sup>                       | Total <sup>3</sup> |
|               |  |           |                                      |                                  | (Millions)      | (Millions) | (Millions)                   | (Millions)         | (Millions)                   | (Millions)         | (Millions)   | (Millions)         |
| 1950-51 ..... | 10,643                                 | 61,000    | 5.7                                  | \$19.8                           | \$672           | \$994      | \$587                        | \$1,006            | \$55.15                      | \$94.52            | \$2.96   | \$5.08             |
| 1951-52 ..... | 11,130                                 | 63,860    | 5.7                                  | 22.8                             | 734             | 1,086      | 635                          | 1,068              | 57.05                        | 95.96              | 2.79   | 4.68               |
| 1952-53 ..... | 11,638                                 | 65,720    | 5.6                                  | 25.4                             | 774             | 1,151      | 714                          | 1,177              | 61.35                        | 101.13             | 2.81   | 4.63               |
| 1953-54 ..... | 12,101                                 | 69,928    | 5.8                                  | 27.2                             | 798             | 1,271      | 809                          | 1,381              | 66.85                        | 114.12             | 2.97   | 5.08               |
| 1954-55 ..... | 12,517                                 | 74,099    | 5.9                                  | 28.1                             | 879             | 1,434      | 852                          | 1,422              | 68.07                        | 113.61             | 3.03   | 5.06               |
| 1955-56 ..... | 13,004                                 | 77,676    | 6.0                                  | 30.9                             | 1,005           | 1,578      | 923                          | 1,533              | 70.98                        | 117.89             | 2.99   | 4.96               |
| 1956-57 ..... | 13,581                                 | 88,299    | 6.5                                  | 33.8                             | 1,079           | 1,834      | 1,030                        | 1,732              | 75.84                        | 127.53             | 3.05   | 5.12               |
| 1957-58 ..... | 14,177                                 | 98,015    | 6.9                                  | 36.4                             | 1,111           | 1,751      | 1,147                        | 1,891              | 80.91                        | 133.39             | 3.15   | 5.20               |
| 1958-59 ..... | 14,741                                 | 101,982   | 6.9                                  | 38.1                             | 1,210           | 1,925      | 1,246                        | 1,932              | 84.53                        | 131.06             | 3.27   | 5.07               |
| 1959-60 ..... | 15,288                                 | 108,423   | 7.1                                  | 41.8                             | 1,491           | 2,198      | 1,435                        | 2,086              | 93.86                        | 136.45             | 3.43   | 4.99               |
| 1960-61 ..... | 15,863                                 | 115,737   | 7.3                                  | 44.7                             | 1,598           | 2,338      | 1,678                        | 2,525              | 105.78                       | 159.18             | 3.75   | 5.65               |
| 1961-62 ..... | 16,412                                 | 122,339   | 7.5                                  | 47.4                             | 1,728           | 2,451      | 1,697                        | 2,406              | 103.40                       | 146.60             | 3.58   | 5.08               |
| 1962-63 ..... | 16,951                                 | 128,981   | 7.6                                  | 51.1                             | 1,866           | 2,668      | 1,881                        | 2,703              | 110.97                       | 159.46             | 3.68   | 5.29               |
| 1963-64 ..... | 17,530                                 | 134,721   | 7.7                                  | 54.6                             | 2,137           | 3,057      | 2,064                        | 3,182              | 117.74                       | 181.52             | 3.78   | 5.83               |
| 1964-65 ..... | 18,026                                 | 143,896   | 8.0                                  | 59.2                             | 2,245           | 3,295      | 2,345                        | 3,652              | 130.09                       | 202.60             | 3.96   | 6.17               |
| 1965-66 ..... | 18,464                                 | 151,199   | 8.2                                  | 63.4                             | 2,509           | 3,581      | 2,580                        | 4,059              | 139.73                       | 219.83             | 4.07   | 6.40               |
| 1966-67 ..... | 18,831                                 | 158,404   | 8.4                                  | 68.9                             | 2,895           | 4,073      | 3,017                        | 4,659              | 160.21                       | 247.41             | 4.38   | 6.76               |
| 1967-68 ..... | 19,175                                 | 162,677   | 8.5                                  | 74.4                             | 3,682           | 4,927      | 3,273                        | 5,014              | 170.69                       | 261.49             | 4.40   | 6.74               |
| 1968-69 ..... | 19,432                                 | 171,655   | 8.8                                  | 81.5                             | 4,136           | 5,450      | 3,909                        | 5,673              | 201.16                       | 291.94             | 4.80   | 6.96               |
| 1969-70 ..... | 19,745                                 | 179,583   | 9.1                                  | 89.2                             | 4,330           | 5,743      | 4,456                        | 6,302              | 225.68                       | 319.17             | 5.00   | 7.07               |
| 1970-71 ..... | 20,039                                 | 181,581   | 9.1                                  | 95.7                             | 4,534           | 5,919      | 4,854                        | 6,556              | 242.23                       | 327.16             | 5.07   | 6.85               |
| 1971-72 ..... | 20,346                                 | 181,912   | 8.9                                  | 101.7                            | 5,395           | 6,897      | 5,027                        | 6,684              | 247.08                       | 328.52             | 4.94   | 6.57               |
| 1972-73 ..... | 20,585                                 | 188,460   | 9.2                                  | 111.2                            | 5,780           | 7,366      | 5,616                        | 7,422              | 272.82                       | 360.55             | 5.05   | 6.67               |
| 1973-74 ..... | 20,869                                 | 192,918   | 9.2                                  | 122.8                            | 6,978           | 8,715      | 7,299                        | 9,311              | 349.75                       | 446.16             | 5.94   | 7.58               |
| 1974-75 ..... | 21,174                                 | 203,548   | 9.6                                  | 137.2                            | 8,630           | 10,405     | 8,349                        | 10,276             | 394.30                       | 485.31             | 6.09   | 7.49               |
| 1975-76 ..... | 21,538                                 | 206,361   | 9.6                                  | 150.7                            | 9,639           | 11,567     | 9,518                        | 11,452             | 441.92                       | 531.71             | 6.32   | 7.60               |
| 1976-77 ..... | 21,936                                 | 213,795   | 9.7                                  | 169.2                            | 11,381          | 13,463     | 10,467                       | 12,632             | 477.16                       | 575.86             | 6.19   | 7.47               |
| 1977-78 ..... | 22,352                                 | 221,251   | 9.9                                  | 188.4                            | 13,695          | 15,962     | 11,686                       | 14,003             | 522.82                       | 626.48             | 6.20   | 7.43               |
| 1978-79 ..... | 22,836                                 | 218,530   | 9.6                                  | 216.0                            | 15,219          | 17,711     | 16,251                       | 18,745             | 711.64                       | 820.85             | 7.52   | 8.68               |
| 1979-80 ..... | 23,257                                 | 220,193   | 9.5                                  | 247.6                            | 17,985          | 20,919     | 18,534                       | 21,488             | 796.92                       | 923.94             | 7.49   | 8.68               |
| 1980-81 ..... | 23,782                                 | 225,567   | 9.5                                  | 281.6                            | 19,023          | 22,104     | 21,105                       | 24,511             | 887.44                       | 1,030.65           | 7.49   | 8.70               |
| 1981-82 ..... | 24,278                                 | 228,813   | 9.4                                  | 315.4                            | 20,960          | 23,601     | 21,693                       | 25,022             | 893.53                       | 1,030.65           | 6.88   | 7.93               |
| 1982-83 ..... | 24,805                                 | 228,489   | 9.2                                  | 336.5                            | 21,233          | 24,291     | 21,751                       | 25,330             | 876.88                       | 1,021.17           | 6.46   | 7.53               |
| 1983-84 ..... | 25,337                                 | 226,695   | 8.9                                  | 362.3                            | 23,809          | 27,626     | 22,869                       | 26,797             | 902.59                       | 1,057.62           | 6.31   | 7.40               |
| 1984-85 ..... | 25,816                                 | 229,845   | 8.9                                  | 403.5                            | 26,536          | 31,570     | 25,722                       | 30,961             | 996.36                       | 1,199.30           | 6.37   | 7.67               |
| 1985-86 ..... | 26,403                                 | 229,641   | 8.7                                  | 438.0                            | 28,072          | 33,558     | 28,841                       | 34,977             | 1,092.34                     | 1,324.74           | 6.58   | 7.99               |
| 1986-87 ..... | 27,052                                 | 232,927   | 8.6                                  | 469.9                            | 32,519          | 37,767     | 31,469                       | 38,079             | 1,163.28                     | 1,407.62           | 6.70   | 8.10               |
| 1987-88 ..... | 27,717                                 | 237,761   | 8.6                                  | 506.2                            | 32,534          | 38,773     | 33,021                       | 40,452             | 1,191.36                     | 1,459.47           | 6.52   | 7.99               |
| 1988-89 ..... | 28,393                                 | 248,173   | 8.7                                  | 549.0                            | 36,953          | 43,322     | 35,897                       | 44,634             | 1,264.29                     | 1,572.01           | 6.54   | 8.13               |
| 1989-90 ..... | 29,142                                 | 254,589   | 8.7                                  | 591.5                            | 38,750          | 46,453     | 39,456                       | 48,594             | 1,353.92                     | 1,667.49           | 6.67   | 8.22               |
| 1990-91 ..... | 29,944                                 | 260,622   | 8.7                                  | 640.3                            | 38,214          | 47,024     | 40,264                       | 51,446             | 1,344.64                     | 1,718.07           | 6.29   | 8.03               |
| 1991-92 ..... | 30,565                                 | 261,713   | 8.6                                  | 655.1                            | 42,026          | 53,117     | 43,327                       | 56,280             | 1,417.54                     | 1,841.32           | 6.61   | 8.59               |
| 1992-93 ..... | 31,188                                 | 260,939   | 8.4                                  | 687.2                            | 40,946          | 52,526     | 40,948                       | 56,480             | 1,312.94                     | 1,810.95           | 5.96   | 8.22               |
| 1993-94 ..... | 31,517                                 | 265,035   | 8.4                                  | 702.4                            | 40,095          | 52,384     | 38,958                       | 53,083             | 1,236.09                     | 1,684.27           | 5.55   | 7.56               |
| 1994-95 ..... | 31,790                                 | 269,004   | 8.5                                  | 722.0                            | 42,710          | 54,942     | 41,961                       | 54,613             | 1,319.94                     | 1,717.93           | 5.81   | 7.56               |
| 1995-96 ..... | 32,063                                 | 271,076   | 8.5                                  | 764.4                            | 46,296          | 59,266     | 45,393                       | 59,870             | 1,415.74                     | 1,867.26           | 5.94   | 7.83               |
| 1996-97 ..... | 32,383                                 | 271,966   | 8.4                                  | 808.0                            | 49,220          | 62,831     | 49,088                       | 64,523             | 1,515.86                     | 1,992.50           | 6.08   | 7.99               |
| 1997-98 ..... | 32,957                                 | 264,551   | 8.0                                  | 866.0                            | 54,973          | 69,424     | 52,874                       | 68,528             | 1,604.33                     | 2,079.32           | 6.11   | 7.91               |
| 1998-99 ..... | 33,494                                 | 279,720   | 8.4                                  | 920.6                            | 56,293          | 71,423     | 58,271                       | 78,263             | 1,739.74                     | 2,336.63           | 6.33   | 8.50               |
| 1999-00 ..... | 34,072                                 | 282,079   | 8.3                                  | 975.5                            | 60,272          | 75,434     | 60,475                       | 77,511             | 1,774.92                     | 2,274.92           | 6.20   | 7.95               |

<sup>1</sup> Population as of July 1, the beginning of the fiscal year.

<sup>2</sup> Includes Special Accounts in General Fund from 1973-74 to 1976-77.

<sup>3</sup> Expenditures include payments from General Fund, Special Funds and Selected Band Funds beginning in 1963-64.

Schedule 7  
GENERAL FUND  
(In Thousands)  
STATEMENT OF FUND BALANCE  
June 30, 1998

The following summarizes adjustments which have been incorporated by the Department of Finance to arrive at the June 30, 1998, fund balance shown for the General Fund on the General Budget Summary, Schedule 1.

|   |                  |
|---|------------------|
| FUND BALANCE PER STATE CONTROLLER .....                   | \$2,792,484      |
| Expenditure Adjustments:                                  |                  |
| Federal Immigration Funding—additional accrual .....      | 129,478          |
| PERS PFA amounts for fourth quarter .....                 | -24,291          |
| Proposition 98 expenditures .....                         | 151,217          |
| Amount shown as carryover that was expended—              |                  |
| Department of Social Services .....                       | -8,000           |
| Incorrect accrual—lease payment funded by reimbursement—  |                  |
| Department of Corrections .....                           | 4,595            |
| Other .....   | -179             |
| Transfer Adjustments:                                     |                  |
| Difference in treatment of loans .....                    | 29,328           |
| Total Adjustments .....                                   | <u>\$282,148</u> |
| FUND BALANCE PER GENERAL BUDGET SUMMARY, SCHEDULE 1 ..... | \$3,074,632      |

**SCHEDULE 8**  
**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
(Dollars in thousands)

| Sources   | Actual 1997-98      |                     |                     | Estimated 1998-99   |                     |                     | Estimated 1999-00   |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | General Fund        | Special Funds       | Total               | General Fund        | Special Funds       | Total               | General Fund        | Special Funds       | Total               |
| <b>MAJOR TAXES AND LICENSES</b>                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Alcoholic Beverage Taxes and Fees.....          | 270,948             | -                   | 270,948             | 267,600             | -                   | 267,600             | 266,300             | -                   | 266,300             |
| Bank and Corporation (Income) Taxes.....        | 5,836,627           | 799                 | 5,837,426           | 5,926,000           | -                   | 5,926,000           | 6,295,000           | -                   | 6,295,000           |
| Cigarette Tax.....                              | 161,503             | 482,800             | 644,303             | 148,000             | 801,500             | 949,500             | 130,000             | 1,091,000           | 1,221,000           |
| Horse Racing (Portmanteau) License Fees.....    | 45,688              | 37,942              | 83,630              | 23,434              | 37,721              | 61,155              | -                   | 38,502              | 38,502              |
| Estate, inheritance and Gift Tax.....           | 780,197             | -                   | 780,197             | 838,000             | -                   | 838,000             | 878,000             | -                   | 878,000             |
| Insurance Gross Premiums Tax.....               | 1,221,285           | -                   | 1,221,285           | 1,238,000           | -                   | 1,238,000           | 1,232,000           | -                   | 1,232,000           |
| Trailer Coach License (In-Lieu) Fees.....       | 34,978              | -                   | 34,978              | 30,335              | -                   | 30,335              | 26,594              | -                   | 26,594              |
| Motor Vehicle License (In-Lieu) Fees.....       | -                   | 3,840,551           | 3,840,551           | -                   | 3,549,150           | 3,549,150           | -                   | 3,256,074           | 3,256,074           |
| Motor Vehicle Fuel Tax (Gasoline).....          | -                   | 2,469,173           | 2,469,173           | -                   | 2,551,400           | 2,551,400           | -                   | 2,602,143           | 2,602,143           |
| Motor Vehicle Fuel Tax (Diesel).....            | -                   | 384,650             | 384,650             | -                   | 399,852             | 399,852             | -                   | 412,908             | 412,908             |
| Motor Vehicle Registration.....                 | -                   | 1,741,273           | 1,741,273           | -                   | 1,793,740           | 1,793,740           | -                   | 1,823,640           | 1,823,640           |
| Personal Income Tax.....                        | 27,925,096          | -                   | 27,925,096          | 28,526,000          | -                   | 28,526,000          | 30,175,000          | -                   | 30,175,000          |
| Retail Sales and Use Tax-Relinquishment.....    | -                   | 1,789,783           | 1,789,783           | -                   | 1,879,500           | 1,879,500           | -                   | 1,976,600           | 1,976,600           |
| Retail Sales and Use Taxes.....                 | 17,582,517          | 182,227             | 17,764,744          | 18,620,000          | 173,707             | 18,793,707          | 19,680,000          | 172,862             | 19,852,862          |
| <b>TOTALS, MAJOR TAXES AND LICENSES.....</b>    | <b>\$53,858,839</b> | <b>\$10,929,198</b> | <b>\$64,788,037</b> | <b>\$55,617,369</b> | <b>\$11,186,570</b> | <b>\$66,803,939</b> | <b>\$58,682,894</b> | <b>\$11,373,729</b> | <b>\$70,056,623</b> |
| <b>MINOR REVENUES</b>                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>REGULATORY TAXES AND LICENSES</b>            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Fish and Game Taxes.....                | -                   | 1,875               | 1,875               | -                   | 2,128               | 2,128               | -                   | 2,240               | 2,240               |
| Energy Resource Surcharge.....                  | -                   | 146,047             | 146,047             | -                   | 192,824             | 192,824             | -                   | 216,312             | 216,312             |
| Quarterly Public Util. Commission Fees.....     | -                   | 63,930              | 63,930              | -                   | 63,868              | 63,868              | -                   | 64,048              | 64,048              |
| Penalties on Pub. Util. Comm. Utility Fees..... | -                   | 1                   | 1                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Hwy Carrier Uniform Business License Tax.....   | 292                 | -                   | 292                 | 300                 | -                   | 300                 | 300                 | -                   | 300                 |
| Off-Highway Vehicle Fees.....                   | -                   | 3,510               | 3,510               | -                   | 3,229               | 3,229               | -                   | 3,129               | 3,129               |
| Liquor License Fees.....                        | -                   | 33,737              | 33,737              | -                   | 34,050              | 34,050              | -                   | 34,050              | 34,050              |
| Genetic Disease Testing Fees.....               | -                   | 52,891              | 52,891              | -                   | 53,605              | 53,605              | -                   | 54,089              | 54,089              |
| Other Regulatory Taxes.....                     | 11,042              | 43,727              | 54,769              | 10,977              | 42,793              | 53,770              | 10,977              | 48,217              | 59,194              |
| New Motor Vehicle Dealer License Fee.....       | -                   | 1,490               | 1,490               | -                   | 1,493               | 1,493               | -                   | 1,488               | 1,488               |
| General Fish and Game Lic. Togs Permits.....    | -                   | 66,379              | 66,379              | -                   | 73,061              | 73,061              | -                   | 73,529              | 73,529              |
| Elevator and Boiler Inspection Fees.....        | 206                 | 9,063               | 9,269               | 206                 | 9,685               | 9,891               | 210                 | 9,840               | 10,050              |
| Industrial Homework Fees.....                   | 3                   | -                   | 3                   | 3                   | -                   | 3                   | 3                   | -                   | 3                   |
| Employment Agency License Fees.....             | 599                 | 651                 | 1,250               | 599                 | 880                 | 1,479               | 600                 | 944                 | 1,544               |
| Teacher Credential Fees.....                    | 98                  | -                   | 98                  | 98                  | -                   | 98                  | 100                 | -                   | 100                 |
| Teacher Exemption Fees.....                     | -                   | 13,435              | 13,435              | -                   | 12,279              | 12,279              | -                   | 10,329              | 10,329              |
| Insurance Co. License Fees & Penalties.....     | -                   | 6,752               | 6,752               | -                   | 8,328               | 8,328               | -                   | 8,588               | 8,588               |
| Insurance Company Exemption Fees.....           | -                   | 20,561              | 20,561              | -                   | 21,602              | 21,602              | -                   | 21,620              | 21,620              |
| Division of Real Estate Exemption Fees.....     | -                   | 15,717              | 15,717              | -                   | 16,584              | 16,584              | -                   | 17,853              | 17,853              |
| Div. of Real Estate License Fees.....           | -                   | 3,171               | 3,171               | -                   | 2,940               | 2,940               | -                   | 3,301               | 3,301               |
| Subdivision Filing Fees.....                    | -                   | 24,353              | 24,353              | -                   | 15,038              | 15,038              | -                   | 9,964               | 9,964               |
| Building Construction Filing Fees.....          | -                   | 6,036               | 6,036               | -                   | 6,082               | 6,082               | -                   | 6,187               | 6,187               |
| Domestic Corporation Fees.....                  | -                   | 2,845               | 2,845               | -                   | 2,602               | 2,602               | -                   | 2,602               | 2,602               |
| Foreign Corporation Fees.....                   | -                   | 5,497               | 5,497               | -                   | 5,662               | 5,662               | -                   | 5,662               | 5,662               |
| Notary Public License Fees.....                 | -                   | 968                 | 968                 | -                   | 997                 | 997                 | -                   | 997                 | 997                 |
| Filing Financing Statements.....                | -                   | 931                 | 931                 | -                   | 995                 | 995                 | -                   | 995                 | 995                 |
| Candidate Filing Fee.....                       | -                   | 8,256               | 8,256               | -                   | 8,250               | 8,250               | -                   | 8,250               | 8,250               |
| Beverage Container Redemption Fees.....         | 637                 | 367,767             | 367,767             | 15                  | -                   | 15                  | 450                 | 357,970             | 357,970             |
| Explosive Permit Fees.....                      | 4                   | -                   | 4                   | 5                   | -                   | 5                   | 5                   | -                   | 5                   |
| Processing Fees.....                            | -                   | 15,457              | 15,457              | -                   | 22,985              | 22,985              | -                   | 46,033              | 46,033              |
| Hazardous Waste Control Fees.....               | -                   | 39,662              | 39,662              | -                   | 49,270              | 49,270              | -                   | 49,640              | 49,640              |
| Other Regulatory Fees.....                      | 79,609              | 425,011             | 504,620             | 9,521               | 426,656             | 436,177             | 9,535               | 433,969             | 443,504             |
| Other Regulatory Licenses and Permits.....      | 30,749              | 257,796             | 288,545             | 33,892              | 318,408             | 352,300             | 34,118              | 323,221             | 357,339             |



**SCHEDULE 8—Continued**  
**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
(Dollars in Thousands)

| Sources   | Actual 1997-98   |                    |                    | Estimated 1998-99 |                    |                    | Estimated 1999-00 |                    |                    |
|---|------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|   | General Fund     | Special Funds      | Total              | General Fund      | Special Funds      | Total              | General Fund      | Special Funds      | Total              |
| Renewal Fees.....                                 | -                | 118,912            | 118,912            | -                 | 118,529            | 118,529            | -                 | 128,167            | 128,167            |
| Delinquent Fees.....                              | 1                | 2,516              | 2,517              | 1                 | 2,497              | 2,498              | 1                 | 2,486              | 2,487              |
| Universal Telephone Service Tax.....              | 2,130            | -                  | 2,130              | -                 | -                  | -                  | -                 | -                  | -                  |
| Private Rail Car Tax.....                         | 6,184            | -                  | 6,184              | 6,331             | -                  | 6,331              | 6,331             | -                  | 6,331              |
| Insurance Department Fees, Prop 103.....          | -                | 21,137             | 21,137             | -                 | 21,602             | 21,602             | -                 | 21,254             | 21,254             |
| Insurance Department Fees, General.....           | -                | 11,501             | 11,501             | -                 | 12,017             | 12,017             | -                 | 12,085             | 12,085             |
| Insurance Fraud Assessment, Workers Comp.....     | -                | 28,553             | 28,553             | -                 | 28,500             | 28,500             | -                 | 28,500             | 28,500             |
| Insurance Fraud Assessment, Auto.....             | -                | 16,330             | 16,330             | -                 | 17,497             | 17,497             | -                 | 18,318             | 18,318             |
| Insurance Fraud Assessment, General.....          | -                | 1,566              | 1,566              | -                 | 1,549              | 1,549              | -                 | 1,549              | 1,549              |
| <b>TOTALS, REGULATORY TAXES AND LICENSES.....</b> | <b>\$131,554</b> | <b>\$1,838,031</b> | <b>\$1,969,585</b> | <b>\$61,948</b>   | <b>\$1,953,944</b> | <b>\$2,015,892</b> | <b>\$62,630</b>   | <b>\$2,027,426</b> | <b>\$2,090,056</b> |
| <b>REVENUE FROM LOCAL AGENCIES</b>                |                  |                    |                    |                   |                    |                    |                   |                    |                    |
| Trial Court Revenues.....                         | 178,062          | -                  | 178,062            | -                 | -                  | -                  | -                 | -                  | -                  |
| Architecture Public Building Fees.....            | -                | 30,942             | 30,942             | -                 | 29,039             | 29,039             | -                 | 31,477             | 31,477             |
| Penalties on Traffic Violations.....              | -                | 79,639             | 79,639             | -                 | 84,019             | 84,019             | -                 | 86,233             | 86,233             |
| Penalties on Felony Convictions.....              | -                | 35,064             | 35,064             | -                 | 38,088             | 38,088             | -                 | 39,088             | 39,088             |
| Fines-Crimes of Public Offense.....               | -                | 7,387              | 7,387              | -                 | 7,426              | 7,426              | -                 | 8,426              | 8,426              |
| Fish and Game Violation Fines.....                | -                | 399                | 399                | -                 | 399                | 399                | -                 | 399                | 399                |
| Penalty Assessments on Fish & Game Fines.....     | -                | 669                | 669                | -                 | 698                | 698                | -                 | 717                | 717                |
| Interest on Loans to Local Agencies.....          | 43               | 1,077              | 1,120              | 50                | 800                | 850                | 50                | 800                | 850                |
| Add'l Assmnts on Fish & Game Fines.....           | -                | 56                 | 56                 | -                 | 60                 | 60                 | -                 | 65                 | 65                 |
| Narcotic Fines.....                               | 2,415            | -                  | 2,415              | 2,398             | -                  | 2,398              | 2,398             | -                  | 2,398              |
| Fingerprint ID Card Fees.....                     | -                | 40,336             | 40,336             | -                 | 37,105             | 37,105             | -                 | 35,864             | 35,864             |
| Misc Revenue From Local Agencies.....             | 2,793            | 9,966              | 12,759             | 2,267             | 32,402             | 34,669             | 2,267             | 32,617             | 34,884             |
| Open Space Cancellation Fee Deferred Taxes.....   | 1,727            | 1,157              | 2,884              | 1,502             | 2,980              | 4,482              | 1,502             | 1,056              | 2,558              |
| Rev Local Govt Agencies-Cost Recoveries.....      | 4,511            | -                  | 4,511              | 3,383             | -                  | 3,383              | 3,383             | -                  | 3,383              |
| <b>TOTALS, REVENUE FROM LOCAL AGENCIES.....</b>   | <b>\$189,551</b> | <b>\$206,692</b>   | <b>\$396,243</b>   | <b>\$9,600</b>    | <b>\$233,016</b>   | <b>\$242,616</b>   | <b>\$9,600</b>    | <b>\$236,742</b>   | <b>\$246,342</b>   |
| <b>SERVICES TO THE PUBLIC</b>                     |                  |                    |                    |                   |                    |                    |                   |                    |                    |
| Pay Patients Board Charges.....                   | 17,545           | -                  | 17,545             | 17,286            | -                  | 17,286             | 15,058            | -                  | 15,058             |
| State Beach and Park Service Fees.....            | -                | 47,848             | 47,848             | -                 | 52,815             | 52,815             | -                 | 55,118             | 55,118             |
| Parking Lot Revenues.....                         | -                | 5,738              | 5,738              | -                 | 7,551              | 7,551              | -                 | 7,871              | 7,871              |
| Fire Prevention and Suppression.....              | 115              | -                  | 115                | 100               | -                  | 100                | 100               | -                  | 100                |
| Emergency Telephone Users Surcharge.....          | -                | 86,920             | 86,920             | -                 | 90,525             | 90,525             | -                 | 92,335             | 92,335             |
| Sales of Documents.....                           | 410              | 2,168              | 2,578              | 410               | 2,235              | 2,645              | 410               | 2,241              | 2,651              |
| General Fees--Secretary of State.....             | 38               | 11,362             | 11,400             | 40                | 11,460             | 11,500             | 40                | 11,460             | 11,500             |
| Parental Fees.....                                | -                | 2,224              | 2,224              | -                 | 2,100              | 2,100              | -                 | 2,250              | 2,250              |
| Guardianship Fees.....                            | 12               | -                  | 12                 | 12                | -                  | 12                 | 12                | -                  | 12                 |
| Miscellaneous Services to the Public.....         | 4,617            | 130,485            | 135,102            | 4,411             | 192,823            | 197,234            | 4,394             | 193,565            | 197,959            |
| Receipts From Health Care Deposit Fund.....       | 8,000            | -                  | 8,000              | 8,000             | -                  | 8,000              | 8,000             | -                  | 8,000              |
| Medicare Receipts From Federal Government.....    | 8,055            | -                  | 8,055              | 6,400             | -                  | 6,400              | 6,400             | -                  | 6,400              |
| California State University Fees.....             | -                | 639,285            | 639,285            | -                 | 632,795            | 632,795            | -                 | 652,217            | 652,217            |
| Personalized License Plates.....                  | -                | 32,075             | 32,075             | -                 | 32,037             | 32,037             | -                 | 31,333             | 31,333             |
| <b>TOTALS, SERVICES TO THE PUBLIC .....</b>       | <b>\$38,792</b>  | <b>\$958,105</b>   | <b>\$996,897</b>   | <b>\$36,659</b>   | <b>\$1,024,341</b> | <b>\$1,061,000</b> | <b>\$34,414</b>   | <b>\$1,048,390</b> | <b>\$1,082,804</b> |
| <b>USE OF PROPERTY AND MONEY</b>                  |                  |                    |                    |                   |                    |                    |                   |                    |                    |
| Income From Pooled Money Investments.....         | 279,387          | 836                | 280,223            | 301,000           | 1,024              | 302,024            | 253,000           | 913                | 253,913            |
| Income From Surplus Money Investments.....        | 9,736            | 184,583            | 194,319            | 9,000             | 175,440            | 184,440            | 9,000             | 170,372            | 179,372            |
| Interest Income From Loans.....                   | 4,338            | 2,809              | 7,147              | 4,400             | 2,780              | 7,180              | 4,400             | 3,328              | 7,728              |
| Interest Income From Interfund Loans.....         | 1,101            | -                  | 1,101              | 120               | 23,217             | 23,337             | 196               | -                  | 196                |
| Income From Other Investments.....                | 7                | 1,083              | 1,090              | 7                 | 3,427              | 3,434              | 7                 | 10,376             | 10,383             |

**SCHEDULE 8—Continued**  
**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
(Dollars in Thousands)

| Sources  | Actual 1997-98      |                     |                     | Estimated 1998-99   |                     |                     | Estimated 1999-00   |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | General Fund        | Special Funds       | Total               | General Fund        | Special Funds       | Total               | General Fund        | Special Funds       | Total               |
| Income From Condemnation Deposits Fund .....     | -                   | 2,740               | 2,740               | -                   | 2,500               | 2,500               | -                   | 2,535               | 2,535               |
| Federal Lands Royalties .....                    | -                   | 18,455              | 18,455              | -                   | 16,699              | 16,699              | -                   | 16,697              | 16,697              |
| Oil & Gas Lease-1                                |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Revenue City/County .....                        | 154                 | -                   | 154                 | 91                  | -                   | 91                  | 100                 | -                   | 100                 |
| Rentals of State Property .....                  | 6,508               | 27,035              | 33,543              | 6,764               | 26,631              | 33,395              | 6,904               | 25,116              | 32,020              |
| Misc Revenue From Use of Property & Manery ..... | 22,135              | 32,206              | 54,341              | 24,000              | 35,880              | 59,880              | 24,000              | 32,688              | 56,688              |
| School Lands Royalties .....                     | -                   | 24                  | 24                  | -                   | 20                  | 20                  | -                   | 22                  | 22                  |
| State Lands Royalties .....                      | 9,595               | 27,686              | 37,281              | 9,614               | 6,463               | 16,077              | 9,614               | 9,936               | 19,550              |
| <b>TOTALS, USE OF PROPERTY AND MONEY .....</b>   | <b>\$332,961</b>    | <b>\$297,457</b>    | <b>\$630,418</b>    | <b>\$354,996</b>    | <b>\$294,081</b>    | <b>\$649,077</b>    | <b>\$307,221</b>    | <b>\$271,983</b>    | <b>\$579,204</b>    |
| <b>MISCELLANEOUS</b>                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Attorney General Proceeds of Anti-Trust .....    | -                   | -                   | -                   | -                   | 2,000               | 2,000               | -                   | 2,000               | 2,000               |
| Penalties & Interest on UI & DI Contrib .....    | -                   | 54,571              | 54,571              | -                   | 54,117              | 54,117              | -                   | 52,357              | 52,357              |
| Sole of Fixed Assets .....                       | 2,320               | 44                  | 2,364               | 28,551              | 36                  | 28,587              | 261,205             | 36                  | 261,241             |
| Sole of Confiscated Property .....               | 5,503               | 24                  | 5,527               | 5,507               | 17                  | 5,524               | 5,507               | 17                  | 5,524               |
| Sole of State's Public Lands .....               | -                   | 120                 | 120                 | -                   | 4,300               | 4,300               | -                   | 2,300               | 2,300               |
| Proceeds From Estates of Deceased Person .....   | 1,641               | -                   | 1,641               | 1,000               | -                   | 1,000               | 1,000               | -                   | 1,000               |
| Revenue-Abandoned Property .....                 | 191,682             | -                   | 191,682             | 235,500             | -                   | 235,500             | 180,000             | -                   | 180,000             |
| Escheat of Unclaimed Checks & Warrants .....     | 4,588               | 2,281               | 6,869               | 4,394               | 343                 | 4,737               | 4,394               | 291                 | 4,685               |
| Subsequent Injuries Revenue .....                | -                   | 3,769               | 3,769               | -                   | 3,300               | 3,300               | -                   | 3,300               | 3,300               |
| Miscellaneous Revenue .....                      | 55,420              | 96,973              | 152,393             | 34,302              | 142,830             | 177,132             | 595,589             | 86,634              | 682,223             |
| Penalties & Intst on Personal Income Tx .....    | -                   | 19,541              | 19,541              | -                   | 20,013              | 20,013              | -                   | 20,426              | 20,426              |
| Other Revenue - Cost Recoveries .....            | -                   | 20,880              | 20,880              | -                   | 14,675              | 14,675              | -                   | 17,969              | 17,969              |
| Uninsured Motorist Fees .....                    | 2,430               | -                   | 2,430               | 2,500               | -                   | 2,500               | 2,500               | -                   | 2,500               |
| Traffic Violations .....                         | -                   | 3,570               | 3,570               | -                   | 4,000               | 4,000               | -                   | 4,000               | 4,000               |
| Parking Violations .....                         | 4,503               | 248                 | 4,751               | 4,703               | 75                  | 4,778               | 4,703               | 75                  | 4,778               |
| Penalty Assessments .....                        | 14,206              | 64,777              | 78,983              | 13,046              | 66,803              | 79,849              | 13,046              | 68,811              | 81,857              |
| Civil & Criminal Violation Assessment .....      | 2,204               | 3,577               | 5,781               | 250                 | 1,910               | 2,160               | 250                 | 2,345               | 2,595               |
| <b>TOTALS, MISCELLANEOUS .....</b>               | <b>\$284,497</b>    | <b>\$270,375</b>    | <b>\$554,872</b>    | <b>\$329,753</b>    | <b>\$314,419</b>    | <b>\$644,172</b>    | <b>\$1,068,194</b>  | <b>\$260,561</b>    | <b>\$1,328,755</b>  |
| <b>TOTALS, MINOR REVENUES .....</b>              | <b>\$977,355</b>    | <b>\$3,570,660</b>  | <b>\$4,548,015</b>  | <b>\$792,956</b>    | <b>\$3,819,801</b>  | <b>\$4,612,757</b>  | <b>\$1,482,059</b>  | <b>\$3,845,102</b>  | <b>\$5,327,161</b>  |
| <b>TOTALS, REVENUES .....</b>                    | <b>\$54,836,194</b> | <b>\$14,499,858</b> | <b>\$69,336,052</b> | <b>\$56,410,325</b> | <b>\$15,006,371</b> | <b>\$71,416,696</b> | <b>\$60,164,953</b> | <b>\$15,218,831</b> | <b>\$75,383,784</b> |
| <b>TRANSFERS AND LOANS</b>                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Fund .....                               | -2,800              | 1,500               | -1,300              | -189,802            | 105,023             | -84,779             | -6,000              | 2,000               | -4,000              |
| Public Transportation Account, STF .....         | -                   | -5,366              | -5,366              | -                   | -536                | -536                | -                   | -51                 | -51                 |
| Alcohol Beverage Control Fund .....              | 4,573               | -4,573              | -                   | 3,000               | -3,000              | -                   | 3,000               | -3,000              | -                   |
| Radian Contractor Certification Fund .....       | 48                  | -48                 | -                   | 3                   | -3                  | -                   | -                   | -                   | -                   |
| Auctioneer Commission Fund .....                 | -                   | -                   | -                   | 89                  | -89                 | -                   | -                   | -                   | -                   |
| Workers' Compensation Managed Care Fund .....    | 307                 | -307                | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Water Fund, California .....                     | 13,200              | -13,200             | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Unitary Fund, California .....                   | 799                 | -799                | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Collection Agency Fund .....                     | -                   | -                   | -                   | 184                 | -184                | -                   | -                   | -                   | -                   |
| Driver Training Penalty Assessment Fund .....    | 26,954              | -26,954             | -                   | 8,163               | -8,163              | -                   | 12,658              | -12,658             | -                   |
| Employment Development Dept Benefit Audit .....  | -                   | -                   | -                   | 3,985               | -3,985              | -                   | 448                 | -448                | -                   |
| Employment Development Contingent Fund .....     | 34,508              | -34,508             | -                   | 29,056              | -29,056             | -                   | 29,947              | -29,947             | -                   |
| Energy and Resource Fund .....                   | 595                 | -595                | -                   | 441                 | -441                | -                   | 470                 | -470                | -                   |
| Fair and Exposition Fund .....                   | 246                 | -246                | -                   | 246                 | -246                | -                   | 246                 | -246                | -                   |
| Insurance Fund .....                             | 14,000              | -14,000             | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Business Fees Fund, Secty of State's .....       | 4,412               | -4,412              | -                   | 9,398               | -9,398              | -                   | 9,821               | -9,821              | -                   |

**SCHEDULE 8—Continued**  
**COMPARATIVE STATEMENT OF REVENUES: FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
(Dollars in Thousands)

| Sources                                       | Actual 1997-98      |                     |                     | Estimated 1998-99   |                     |                     | Estimated 1999-00   |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | General Fund        | Special Funds       | Total               | General Fund        | Special Funds       | Total               | General Fund        | Special Funds       | Total               |
| Domestic Violence Fund.....                   | -                   | -                   | -                   | 1,701               | -1,701              | -                   | -                   | -                   | -                   |
| Motor Carriers Permit Fund.....               | 3,258               | -3,258              | -                   | 2,960               | -2,960              | -                   | 3,103               | -3,103              | -                   |
| In-Home Supportive Service Reg Model/STA..... | -                   | -                   | -                   | -                   | -                   | -                   | 180                 | -180                | -                   |
| Higher Education Earthquake Account 1987..... | -                   | -                   | -                   | -                   | -                   | -                   | 22                  | -22                 | -                   |
| Folse Claims Act Fund.....                    | -                   | -                   | -                   | -                   | -                   | -                   | 25,000              | -25,000             | -                   |
| Olympic Training Account/California.....      | 79                  | -79                 | -                   | 91                  | -91                 | -                   | 80                  | -80                 | -                   |
| Financial Responsibility Penalty Account..... | 7,146               | -7,146              | -                   | 3,642               | -3,642              | -                   | 4,000               | -4,000              | -                   |
| Water Resources Development Bond Fund.....    | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Expo & State Fair Enterprise Fund, Col.....   | -                   | 28,061              | 28,061              | -                   | -                   | -                   | -                   | -                   | -                   |
| Agriculture Building Fund.....                | -                   | 459                 | 459                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Armory Fund.....                              | -                   | 99                  | 99                  | -                   | 99                  | 99                  | -                   | 99                  | 99                  |
| Mobilehome Manufactured Home Revolv Fd.....   | -                   | -                   | -                   | 173                 | -                   | 173                 | 34                  | -                   | 34                  |
| Prison Industries Revolving Fund.....         | -                   | -                   | -                   | 400                 | -                   | 400                 | 400                 | -                   | 400                 |
| Water Quality Control Fund, State.....        | -                   | 1,500               | 1,500               | -                   | -                   | -                   | 6,000               | -                   | 6,000               |
| Stephen P Teale Data Center Revolv Fd.....    | -                   | -                   | -                   | -                   | -                   | -                   | 11,300              | 11,400              | 22,700              |
| School Building Aid Fund, State.....          | 20,580              | -                   | 20,580              | -                   | -                   | -                   | -                   | 2,000               | 2,000               |
| Superfund Bond Trust Fund.....                | -                   | -                   | -                   | -                   | 3,757               | 3,757               | -                   | -                   | -                   |
| Milk Producers Security Trust Fund.....       | -                   | 1,650               | 1,650               | -                   | -                   | -                   | -                   | -                   | -                   |
| High Polluter Repair or Removal Account.....  | -                   | 10,788              | 10,788              | -                   | -                   | -                   | -                   | -                   | -                   |
| Local Hlth Capital Expend Acc. Co Hlth F..... | 1,263               | -                   | 1,263               | 426                 | -                   | 426                 | 377                 | -                   | 377                 |
| Industrial Relations Unpaid Wage Fund.....    | -                   | -                   | -                   | 300                 | -                   | 300                 | 300                 | -                   | 300                 |
| Forest Resources Improvement Fund.....        | 296                 | -                   | 296                 | -                   | -                   | -                   | -                   | -                   | -                   |
| Trial Court Trust Fund.....                   | -                   | -                   | -                   | -                   | 17,000              | 17,000              | -                   | 17,000              | 17,000              |
| Special Deposit Fund.....                     | 2,926               | 6,944               | 9,870               | 5,688               | 55,714              | 61,402              | 2,500               | -                   | 2,500               |
| Voluntary Alliance Uniting Employers Fd.....  | -                   | 800                 | 800                 | -                   | 700                 | 700                 | -                   | -                   | -                   |
| Foster Children and Parent Train Fund.....    | 2,293               | -                   | 2,293               | 2,974               | -                   | 2,974               | 2,974               | -                   | 2,974               |
| Uncollected Property Fund.....                | -                   | 15,101              | 15,101              | -                   | 4,000               | 4,000               | -                   | -                   | -                   |
| <b>TOTALS, TRANSFERS AND LOANS .....</b>      | <b>\$134,683</b>    | <b>-\$48,589</b>    | <b>\$86,094</b>     | <b>-\$116,912</b>   | <b>\$122,828</b>    | <b>\$5,916</b>      | <b>\$106,860</b>    | <b>-\$56,527</b>    | <b>\$50,333</b>     |
| Adjustment to Reconcile to Controller.....    | 1,706               | -                   | 1,706               | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>TOTALS, REVENUES AND TRANSFERS .....</b>   | <b>\$54,972,583</b> | <b>\$14,451,269</b> | <b>\$69,423,852</b> | <b>\$56,293,413</b> | <b>\$15,129,199</b> | <b>\$71,422,612</b> | <b>\$60,271,813</b> | <b>\$15,162,304</b> | <b>\$75,434,117</b> |



**SCHEDULE 9**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|   | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Band Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Band Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Band Funds | Budget Total | Federal Funds |
| LEGISLATIVE, JUDICIAL, AND EXECUTIVE                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Legislative   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Senate  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 63,381         | -             | -                   | 63,381       | -                 | 67,254       | -             | -                   | 67,254            | -             | 72,298       | -             | -                   | 72,298       | -             |
| Assembly  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 86,092         | -             | -                   | 86,092       | -                 | 91,352       | -             | -                   | 91,352            | -             | 97,747       | -             | -                   | 97,747       | -             |
| Totals, Legislature                                 | \$149,473      | -             | -                   | \$149,473    | -                 | \$158,606    | -             | -                   | \$158,606         | -             | \$170,045    | -             | -                   | \$170,045    | -             |
| Contributions to Legislator Retire Systm            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | \$675          | -             | -                   | \$675        | -                 | \$690        | -             | -                   | \$690             | -             | \$640        | -             | -                   | \$640        | -             |
| Legislative Counsel Bureau                          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 56,246         | -             | -                   | 56,246       | -                 | 58,830       | -             | -                   | 58,830            | -             | 62,320       | -             | -                   | 62,320       | -             |
| Totals, Legislative.....                            | \$206,394      | -             | -                   | \$206,394    | -                 | \$218,126    | -             | -                   | \$218,126         | -             | \$233,005    | -             | -                   | \$233,005    | -             |
| Judicial  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Judiciary   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 187,870        | 1,052         | -                   | 188,922      | 1,165             | 211,724      | 383           | -                   | 212,107           | 1,147         | 236,342      | 784           | -                   | 237,126      | 3,650         |
| Local Assistance.....                               | -              | -             | -                   | -            | -                 | 1,475        | 1,419         | -                   | 2,894             | 850           | 1,475        | 499           | -                   | 1,974        | 1,525         |
| Totals, Judiciary.....                              | \$187,870      | \$1,052       | -                   | \$188,922    | \$1,165           | \$213,199    | \$1,802       | -                   | \$215,001         | \$1,997       | \$237,817    | \$1,283       | -                   | \$239,100    | \$5,175       |
| Commission on Judicial Performance                  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | \$2,533        | -             | -                   | \$2,533      | -                 | \$3,092      | -             | -                   | \$3,092           | -             | \$3,626      | -             | -                   | \$3,626      | -             |
| Contributions to Judges Retirement Fund             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 2,170          | -             | -                   | 2,170        | -                 | 2,263        | -             | -                   | 2,263             | -             | 2,130        | -             | -                   | 2,130        | -             |
| Local Assistance.....                               | 64,741         | -             | -                   | 64,741       | -                 | 84,935       | -             | -                   | 84,935            | -             | 80,572       | -             | -                   | 80,572       | -             |
| Totals, Contributions to Judges Retirement Fun..... | \$66,911       | -             | -                   | \$66,911     | -                 | \$87,198     | -             | -                   | \$87,198          | -             | \$82,702     | -             | -                   | \$82,702     | -             |
| State Trial Court Funding                           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance.....                               | \$399,232      | \$5,101       | -                   | \$404,333    | -                 | \$699,225    | \$43,337      | -                   | \$742,562         | -             | \$814,779    | \$43,337      | -                   | \$858,116    | -             |
| Totals, Judicial.....                               | \$656,546      | \$6,153       | -                   | \$662,699    | \$1,165           | \$1,002,714  | \$45,139      | -                   | \$1,047,853       | \$1,997       | \$1,138,924  | \$44,620      | -                   | \$1,183,544  | \$5,175       |
| Executive/Governor                                  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Governor's Office                                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 4,861          | -             | -                   | 4,861        | -                 | 5,376        | -             | -                   | 5,376             | -             | 4,995        | -             | -                   | 4,995        | -             |
| Department of Information Technology                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 6,275          | -             | -                   | 6,275        | -                 | 7,729        | -             | -                   | 7,729             | -             | 7,557        | -             | -                   | 7,557        | -             |
| Office of Planning and Research                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 3,016          | 467           | -                   | 3,483        | 55                | 3,039        | 470           | -                   | 3,509             | 25            | 3,043        | 470           | -                   | 3,513        | -             |
| Office of Emergency Services                        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | 29,872         | 885           | -                   | 30,757       | 13,058            | 30,029       | 1,523         | -                   | 31,552            | 17,819        | 24,636       | 1,480         | -                   | 26,116       | 17,156        |
| Local Assistance.....                               | 83,142         | 9,268         | -                   | 92,410       | 315,749           | 65,004       | 12,364        | -                   | 77,368            | 254,950       | 58,375       | 4,873         | -                   | 63,248       | 254,950       |
| Totals, Office of Emergency Services.....           | \$113,014      | \$10,153      | -                   | \$123,167    | \$328,807         | \$95,033     | \$13,887      | -                   | \$108,920         | \$272,769     | \$83,011     | \$6,353       | -                   | \$89,364     | \$272,106     |
| Narridge Earthquake                                 |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | \$45,490       | -             | -                   | \$45,490     | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Governors Portrait                                  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | -              | -             | -                   | -            | -                 | 25           | -             | -                   | 25                | -             | -            | -             | -                   | -            | -             |
| Governor Elect and Outgoing Governor                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations.....                               | -              | -             | -                   | -            | -                 | 650          | -             | -                   | 650               | -             | -            | -             | -                   | -            | -             |
| Totals, Executive/Governor.....                     | \$172,656      | \$10,620      | -                   | \$183,276    | \$328,862         | \$111,852    | \$14,357      | -                   | \$126,209         | \$272,794     | \$98,606     | \$6,823       | -                   | \$105,429    | \$272,106     |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|  | Actual 1997-98 |               |                     |              |               | Estimated 1998-99 |               |                     |              |               | Estimated 1999-00 |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Bond Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Executive/Constitutional Offices                 |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| Office of the Lieutenant Governor                |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | 1,338          | -             | -                   | 1,338        | -             | 1,380             | -             | -                   | 1,380        | -             | 1,530             | -             | -                   | 1,530        | -             |
| Department of Justice                            |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | 211,174        | 71,701        | -                   | 282,875      | 25,046        | 222,123           | 72,381        | -                   | 294,504      | 36,069        | 219,799           | 75,782        | -                   | 295,581      | 40,693        |
| Local Assistance .....                           | 35,804         | 65            | -                   | 35,869       | -             | 41,707            | 5,814         | -                   | 47,521       | -             | 17,714            | 3,023         | -                   | 20,737       | -             |
| Capital Outlay .....                             | 956            | -             | -                   | 956          | -             | 5,611             | -             | -                   | 5,611        | -             | 1,862             | -             | -                   | 1,862        | -             |
| Totals, Department of Justice .....              | \$247,934      | \$71,766      | -                   | \$319,700    | \$25,046      | \$269,441         | \$78,195      | -                   | \$347,636    | \$36,069      | \$239,375         | \$78,805      | -                   | \$318,180    | \$40,693      |
| State Controller                                 |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | \$60,063       | \$5,117       | \$791               | \$65,971     | \$1,022       | \$60,504          | \$4,906       | \$700               | \$66,110     | \$1,260       | \$60,391          | \$4,846       | \$162               | \$65,399     | \$1,273       |
| Local Assistance .....                           | -              | 791           | -                   | 791          | -             | -                 | 824           | -                   | 824          | -             | -                 | -             | -                   | -            | -             |
| Totals, State Controller .....                   | \$60,063       | \$5,908       | \$791               | \$66,762     | \$1,022       | \$60,504          | \$5,730       | \$700               | \$66,934     | \$1,260       | \$60,391          | \$4,846       | \$162               | \$65,399     | \$1,273       |
| SCO Statewide Info Technology Projects           |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | -              | -             | -                   | -            | -             | -                 | -             | -                   | -            | -             | \$1,813           | -             | -                   | \$1,813      | -             |
| Department of Insurance                          |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | 3,902          | 86,979        | -                   | 90,881       | -             | 4,068             | 97,683        | -                   | 101,751      | -             | 4,068             | 95,993        | -                   | 100,061      | -             |
| Local Assistance .....                           | -              | 24,837        | -                   | 24,837       | -             | -                 | 26,859        | -                   | 26,859       | -             | -                 | 29,124        | -                   | 29,124       | -             |
| Totals, Department of Insurance .....            | \$3,902        | \$111,816     | -                   | \$115,718    | -             | \$4,068           | \$124,542     | -                   | \$128,610    | -             | \$4,068           | \$125,117     | -                   | \$129,185    | -             |
| Gambling Control Commission, California          |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | -              | -             | -                   | -            | -             | -                 | \$613         | -                   | \$613        | -             | -                 | \$1,128       | -                   | \$1,128      | -             |
| State Board of Equalization                      |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | 176,630        | 21,029        | -                   | 197,659      | 123           | 178,334           | 21,469        | -                   | 199,803      | 194           | 184,252           | 21,068        | -                   | 205,320      | 102           |
| Secretary of State                               |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | 27,786         | 24,069        | -                   | 51,855       | -             | 24,804            | 18,922        | -                   | 43,726       | -             | 20,986            | 19,127        | -                   | 40,113       | -             |
| Local Assistance .....                           | 10,409         | -             | -                   | 10,409       | -             | 9,510             | -             | -                   | 9,510        | -             | 7,863             | -             | -                   | 7,863        | -             |
| Capital Outlay .....                             | 12             | 47            | -                   | 59           | -             | -                 | -             | -                   | -            | -             | -                 | -             | -                   | -            | -             |
| Totals, Secretary of State .....                 | \$38,207       | \$24,116      | -                   | \$62,323     | -             | \$34,314          | \$18,922      | -                   | \$53,236     | -             | \$28,839          | \$19,127      | -                   | \$47,966     | -             |
| State Treasurer                                  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | \$4,947        | \$112         | -                   | \$5,059      | -             | \$6,673           | \$338         | -                   | \$7,011      | -             | \$4,988           | \$302         | -                   | \$5,290      | -             |
| Calif Debt & Investment Advisory Comm            |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | -              | 1,403         | -                   | 1,403        | -             | -                 | 1,618         | -                   | 1,618        | -             | -                 | 1,641         | -                   | 1,641        | -             |
| California Debt Limit Allocation Commit          |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | -              | 413           | -                   | 413          | -             | -                 | 555           | -                   | 555          | -             | -                 | 601           | -                   | 601          | -             |
| Calif Industrial Dev Financing Adv Comm          |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | -              | 253           | -                   | 253          | -             | -                 | 448           | -                   | 448          | -             | -                 | 447           | -                   | 447          | -             |
| California Tax Allocation Committee              |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                           | -              | 1,563         | -                   | 1,563        | -             | -                 | 1,708         | -                   | 1,708        | -             | -                 | 1,836         | -                   | 1,836        | -             |
| Local Assistance .....                           | -              | 283           | -                   | 283          | -             | -                 | 136           | -                   | 136          | -             | -                 | 136           | -                   | 136          | -             |
| Totals, California Tax Allocation Committee ..   | -              | \$1,846       | -                   | \$1,846      | -             | -                 | \$1,844       | -                   | \$1,844      | -             | -                 | \$1,972       | -                   | \$1,972      | -             |
| Totals, Executive/Constitutional Offices .....   | \$533,021      | \$238,662     | \$791               | \$772,474    | \$26,191      | \$554,714         | \$254,274     | \$700               | \$809,668    | \$37,523      | \$525,256         | \$255,054     | \$162               | \$780,472    | \$42,068      |
| TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE ... | \$1,568,617    | \$255,435     | \$791               | \$1,824,843  | \$356,218     | \$1,887,406       | \$313,770     | \$700               | \$2,201,876  | \$312,314     | \$1,995,791       | \$306,497     | \$162               | \$2,302,450  | \$319,349     |
| State Operations .....                           | 974,321        | 215,043       | 791                 | 1,190,155    | 40,469        | 979,939           | 223,017       | 700                 | 1,203,656    | 56,514        | 1,013,161         | 225,505       | 162                 | 1,238,828    | 62,874        |
| Local Assistance .....                           | 593,328        | 40,345        | -                   | 633,673      | 315,749       | 901,856           | 90,753        | -                   | 992,609      | 255,800       | 980,768           | 80,992        | -                   | 1,061,760    | 256,475       |
| Capital Outlay .....                             | 968            | 47            | -                   | 1,015        | -             | 5,611             | -             | -                   | 5,611        | -             | 1,862             | -             | -                   | 1,862        | -             |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars In Thousands)**

|  | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| STATE AND CONSUMER SERVICES                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Secretary for State and Consumer Service   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | 729            | -             | -                   | 729          | -                 | 730          | -             | -                   | 730               | -             | 731          | -             | -                   | 731          | -             |
| California Science Center                  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | 8,455          | 1,954         | -                   | 10,409       | -                 | 13,076       | 2,118         | -                   | 15,194            | -             | 12,036       | 2,139         | -                   | 14,175       | -             |
| Capital Outlay                             | -              | -             | -                   | -            | -                 | 10,000       | -             | -                   | 10,000            | 19,500        | 38           | -             | -                   | 38           | -             |
| Totals, California Science Center          | \$8,455        | \$1,954       | -                   | \$10,409     | -                 | \$23,076     | \$2,118       | -                   | \$25,194          | \$19,500      | \$12,074     | \$2,139       | -                   | \$14,213     | -             |
| Dept of Consumer Affairs-Regulatory 8ds    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Board of Accountancy                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | \$8,869       | -                   | \$8,869      | -                 | -            | \$9,430       | -                   | \$9,430           | -             | -            | \$9,205       | -                   | \$9,205      | -             |
| Board of Architectural Examiners,Col       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 2,591         | -                   | 2,591        | -                 | -            | 3,499         | -                   | 3,499             | -             | -            | 3,408         | -                   | 3,408        | -             |
| Athletic Commission                        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | 716            | 118           | -                   | 834          | -                 | 759          | 166           | -                   | 925               | -             | 761          | 176           | -                   | 937          | -             |
| Board of Behavioral Science Examiners      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 4,153         | -                   | 4,153        | -                 | -            | 4,093         | -                   | 4,093             | -             | -            | 4,252         | -                   | 4,252        | -             |
| Contractors State License Board            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 40,714        | -                   | 40,714       | -                 | -            | 41,286        | -                   | 41,286            | -             | -            | 42,092        | -                   | 42,092       | -             |
| Board of Dentistry                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 5,368         | -                   | 5,368        | -                 | -            | 5,861         | -                   | 5,861             | -             | -            | 5,978         | -                   | 5,978        | -             |
| Committee on Dental Auxiliaries            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 1,033         | -                   | 1,033        | -                 | -            | 1,209         | -                   | 1,209             | -             | -            | 1,165         | -                   | 1,165        | -             |
| Bd of Reg for Geologists & Geophysicists   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 622           | -                   | 622          | -                 | -            | 924           | -                   | 924               | -             | -            | 918           | -                   | 918          | -             |
| Board of Guide Dogs for the Blind          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | -             | -                   | -            | -                 | -            | 91            | -                   | 91                | -             | -            | 111           | -                   | 111          | -             |
| Medical Board of California                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 30,653        | -                   | 30,653       | -                 | -            | 32,452        | -                   | 32,452            | -             | -            | 32,563        | -                   | 32,563       | -             |
| Acupuncture Committee                      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 1,201         | -                   | 1,201        | -                 | -            | 1,425         | -                   | 1,425             | -             | -            | 1,663         | -                   | 1,663        | -             |
| Hearing Aid Dispensers Examining Committ   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 522           | -                   | 522          | -                 | -            | 434           | -                   | 434               | -             | -            | -             | -                   | -            | -             |
| Physical Therapy Examining Committee       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 2,048         | -                   | 2,048        | -                 | -            | 1,747         | -                   | 1,747             | -             | -            | 1,410         | -                   | 1,410        | -             |
| Physician Assistant Examining Committee    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 725           | -                   | 725          | -                 | -            | 799           | -                   | 799               | -             | -            | 776           | -                   | 776          | -             |
| Podiatric Medicine, Board of               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 943           | -                   | 943          | -                 | -            | 998           | -                   | 998               | -             | -            | 985           | -                   | 985          | -             |
| Psychology, Board of                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 2,604         | -                   | 2,604        | -                 | -            | 2,772         | -                   | 2,772             | -             | -            | 2,869         | -                   | 2,869        | -             |
| Respiratory Care Examining Committee       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 1,756         | -                   | 1,756        | -                 | -            | 1,715         | -                   | 1,715             | -             | -            | 1,679         | -                   | 1,679        | -             |
| Speech-Language Pathology & Audiology Exam |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 289           | -                   | 289          | -                 | -            | 338           | -                   | 338               | -             | -            | -             | -                   | -            | -             |
| Board of Nursing Home Administrators,St    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 374           | -                   | 374          | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Board of Optometry                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                           | -              | 843           | -                   | 843          | -                 | -            | 1,017         | -                   | 1,017             | -             | -            | 1,066         | -                   | 1,066        | -             |



**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|   | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Board of Pharmacy                                   | -              | 5,780         | -                   | 5,780        | -                 | -            | 6,080         | -                   | 6,080             | -             | -            | 5,517         | -                   | 5,517        | -             |
| State Operations.....                               | -              | 5,780         | -                   | 5,780        | -                 | -            | 6,080         | -                   | 6,080             | -             | -            | 5,517         | -                   | 5,517        | -             |
| 8d of Reg for Prof Engineer & Lnd Surv              | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 6,322         | -                   | 6,322        | -                 | -            | 7,066         | -                   | 7,066             | -             | -            | 6,948         | -                   | 6,948        | -             |
| Board of Registered Nursing                         | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 11,432        | -                   | 11,432       | -                 | -            | 12,139        | -                   | 12,139            | -             | -            | 12,508        | -                   | 12,508       | -             |
| Court Reporters Board of California                 | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 610           | -                   | 610          | -                 | -            | 856           | -                   | 856               | -             | -            | 888           | -                   | 888          | -             |
| Structural Pest Control Board                       | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 3,762         | -                   | 3,762        | -                 | -            | 3,620         | -                   | 3,620             | -             | -            | 3,174         | -                   | 3,174        | -             |
| Veterinary Medical Board                            | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 1,179         | -                   | 1,179        | -                 | -            | 1,323         | -                   | 1,323             | -             | -            | 1,488         | -                   | 1,488        | -             |
| Registered Veterinary Techn Exam Comm               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 105           | -                   | 105          | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Board of Vocational Nurse Program                   | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 2,959         | -                   | 2,959        | -                 | -            | 3,571         | -                   | 3,571             | -             | -            | 3,651         | -                   | 3,651        | -             |
| 8d of Psychiatric Technician Program                | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | -              | 837           | -                   | 837          | -                 | -            | 947           | -                   | 947               | -             | -            | 989           | -                   | 989          | -             |
| Totals, Dept of Consumer Affairs-Regulatory 8d..... | \$716          | \$138,412     | -                   | \$139,128    | -                 | \$759        | \$145,858     | -                   | \$146,617         | -             | \$761        | \$145,479     | -                   | \$146,240    | -             |
| Dept Consumer Affairs-Business Prog.Div             | -              | -             | -                   | -            | \$538             | -            | \$184,570     | -                   | \$184,570         | \$1,000       | -            | \$185,817     | -                   | \$185,817    | \$1,000       |
| State Operations.....                               | -              | \$114,700     | -                   | \$114,700    | -                 | -            | \$184,570     | -                   | \$184,570         | -             | -            | \$185,817     | -                   | \$185,817    | \$1,000       |
| Dept of Fair Employment and Housing                 | 13,461         | -             | -                   | 13,461       | 3,976             | 14,861       | -             | -                   | 14,861            | 3,899         | 14,803       | -             | -                   | 14,803       | 3,905         |
| State Operations.....                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Fair Employment and Housing Commission              | 1,081          | -             | -                   | 1,081        | -                 | 1,079        | -             | -                   | 1,079             | -             | 1,232        | -             | -                   | 1,232        | -             |
| State Operations.....                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Franchise Tax Board                                 | 338,876        | 7,070         | -                   | 345,946      | -                 | 349,150      | 8,742         | -                   | 357,892           | -             | 354,004      | 9,035         | -                   | 363,039      | -             |
| State Operations.....                               | 11,345         | -             | -                   | 11,345       | -                 | 16,335       | -             | -                   | 16,335            | -             | -            | -             | -                   | -            | -             |
| Local Assistance.....                               | -              | -             | -                   | -            | -                 | 1,089        | -             | -                   | 1,089             | -             | 963          | -             | -                   | 963          | -             |
| Capital Outlay.....                                 | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Totals, Franchise Tax Board.....                    | \$350,221      | \$7,070       | -                   | \$357,291    | -                 | \$366,574    | \$8,742       | -                   | \$375,316         | -             | \$354,967    | \$9,035       | -                   | \$364,002    | -             |
| Department of General Services                      | \$13,705       | \$47,495      | \$803               | \$52,003     | -                 | \$14,421     | \$56,767      | \$4,766             | \$75,954          | -             | \$10,803     | \$56,044      | \$709               | \$67,556     | -             |
| State Operations.....                               | -              | 72,474        | 2,676               | 75,150       | -                 | 22,200       | 78,718        | 16,477              | 117,395           | -             | 40,000       | 81,679        | -                   | 121,679      | -             |
| Local Assistance.....                               | -              | -             | 11,353              | 11,353       | -                 | 9,550        | 309           | 143,132             | 152,991           | -             | 4,543        | -             | 788                 | 5,331        | -             |
| Capital Outlay.....                                 | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Totals, Department of General Services.....         | \$13,705       | \$119,969     | \$14,832            | \$148,506    | -                 | \$46,171     | \$135,794     | \$164,375           | \$346,340         | -             | \$55,346     | \$137,723     | \$1,497             | \$194,566    | -             |
| State Personnel Board                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| State Operations.....                               | \$5,349        | -             | -                   | \$5,349      | -                 | \$6,163      | -             | -                   | \$6,163           | -             | \$6,266      | -             | -                   | \$6,266      | -             |
| TOTALS, STATE AND CONSUMER SERVICES.....            | \$393,717      | \$382,105     | \$14,832            | \$790,654    | \$4,514           | \$459,413    | \$477,082     | \$164,375           | \$1,100,870       | \$24,399      | \$446,180    | \$480,193     | \$1,497             | \$927,870    | \$4,905       |
| State Operations.....                               | 382,372        | 309,631       | 803                 | 692,806      | 4,514             | 400,239      | 398,055       | 4,766               | 803,060           | 4,899         | 400,636      | 398,514       | 709                 | 799,859      | 4,905         |
| Local Assistance.....                               | 11,345         | 72,474        | 2,676               | 86,495       | -                 | 38,535       | 78,718        | 16,477              | 133,730           | -             | 40,000       | 81,679        | -                   | 121,679      | -             |
| Capital Outlay.....                                 | -              | -             | 11,353              | 11,353       | -                 | 20,639       | 309           | 143,132             | 164,080           | 19,500        | 5,544        | -             | 788                 | 6,332        | -             |
| BUSINESS, TRANSPORTATION, AND HOUSING               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Business and Housing                                | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Sec for Business,Transport and Housing              | -              | 880           | -                   | 880          | -                 | -            | 906           | -                   | 906               | -             | -            | 907           | -                   | 907          | -             |
| State Operations.....                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|   | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Dept of Alcoholic Beverage Control              |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | 29,157        | -                   | 29,157       | -                 | -            | 30,283        | -                   | 30,283            | -             | -            | 30,644        | -                   | 30,644       | -             |
| Local Assistance                                | -              | 1,498         | -                   | 1,498        | -                 | -            | 1,500         | -                   | 1,500             | -             | -            | 1,500         | -                   | 1,500        | -             |
| Totals, Dept of Alcoholic Beverage Control      | -              | \$30,655      | -                   | \$30,655     | -                 | -            | \$31,783      | -                   | \$31,783          | -             | -            | \$32,144      | -                   | \$32,144     | -             |
| Alcoholic Beverage Control Appeals 8d           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | \$614         | -                   | \$614        | -                 | -            | \$717         | -                   | \$717             | -             | -            | \$710         | -                   | \$710        | -             |
| Department of Financial Institutions            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | 16,866        | -                   | 16,866       | -                 | -            | 17,657        | -                   | 17,657            | -             | -            | 17,969        | -                   | 17,969       | -             |
| Dept of Corporations                            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | 32,479        | -                   | 32,479       | -                 | -            | 35,523        | -                   | 35,523            | -             | -            | 37,270        | -                   | 37,270       | -             |
| Dept of Housing & Community Development         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | 5,129          | 3,612         | 1,993               | 10,734       | 4,765             | 4,510        | 3,554         | 2,016               | 10,080            | 5,127         | 7,384        | 3,764         | 2,024               | 13,172       | 4,924         |
| Local Assistance                                | 18,841         | -             | -                   | 18,841       | 89,599            | 16,441       | -             | -                   | 16,441            | 98,745        | 20,754       | -             | -                   | 20,754       | 96,885        |
| Totals, Dept of Housing & Community Development | \$23,970       | \$3,612       | \$1,993             | \$29,575     | \$94,364          | \$20,951     | \$3,554       | \$2,016             | \$26,521          | \$103,872     | \$28,138     | \$3,764       | \$2,024             | \$33,926     | \$101,809     |
| Office of Real Estate Appraisers                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | \$3,738       | -                   | \$3,738      | -                 | -            | \$3,930       | -                   | \$3,930           | -             | -            | \$4,159       | -                   | \$4,159      | -             |
| Dept of Real Estate                             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | 25,714        | -                   | 25,714       | -                 | -            | 27,244        | -                   | 27,244            | -             | -            | 27,706        | -                   | 27,706       | -             |
| Totals, Business and Housing Transportation     | \$23,970       | \$114,558     | \$1,993             | \$140,521    | \$94,364          | \$20,951     | \$121,314     | \$2,016             | \$144,281         | \$103,872     | \$28,138     | \$124,629     | \$2,024             | \$154,791    | \$101,809     |
| California Transportation Commission            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | 1,325         | 990                 | 2,315        | -                 | -            | 1,430         | 981                 | 2,411             | -             | -            | 1,420         | 981                 | 2,401        | -             |
| Local Assistance                                | -              | -             | 87,520              | 87,520       | -                 | 2,000        | -             | 225,000             | 227,000           | -             | -            | -             | 225,000             | 225,000      | -             |
| Totals, California Transportation Commission    | -              | \$1,325       | \$88,510            | \$89,835     | -                 | \$2,000      | \$1,430       | \$225,981           | \$229,411         | -             | -            | \$1,420       | \$225,981           | \$227,401    | -             |
| Special Transportation Programs                 |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                | -              | \$84,800      | -                   | \$84,800     | -                 | -            | \$100,259     | -                   | \$100,259         | -             | -            | \$100,259     | -                   | \$100,259    | -             |
| Dept of Transportation                          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | 1,608,220     | 143,376             | 1,751,596    | 259,125           | 23,217       | 1,751,337     | 95,691              | 1,870,245         | 319,824       | -            | 1,832,168     | 78,106              | 1,910,274    | 326,086       |
| Local Assistance                                | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Aeronautics Program                             | -              | 5,520         | -                   | 5,520        | -                 | -            | 10,108        | -                   | 10,108            | -             | -            | 7,295         | -                   | 7,295        | -             |
| Highway Transportation Program                  | -              | 220,187       | -                   | 220,187      | 490,674           | 600          | 251,482       | -                   | 252,082           | 787,513       | -            | 307,908       | -                   | 307,908      | 1,085,510     |
| Mass Transportation Program                     | -              | 195,155       | -                   | 195,155      | 11,767            | -            | 178,397       | -                   | 178,397           | 93,386        | -            | 194,261       | -                   | 194,261      | 23,100        |
| Transportation Planning Program                 | -              | -             | -                   | -            | 27,909            | -            | 2,000         | -                   | 2,000             | 40,000        | -            | 2,000         | -                   | 2,000        | 40,000        |
| Totals, Local Assistance                        | -              | 420,862       | -                   | 420,862      | 530,350           | 600          | 441,987       | -                   | 442,587           | 920,899       | -            | 511,464       | -                   | 511,464      | 1,148,610     |
| Capital Outlay                                  | -              | 397,660       | 416,491             | 814,151      | 1,019,405         | -            | 386,208       | 106,000             | 492,208           | 1,424,946     | -            | 1,002,864     | 166,000             | 1,168,864    | 1,494,249     |
| Totals, Dept of Transportation                  | -              | \$2,426,742   | \$559,867           | \$2,986,609  | \$1,808,880       | \$23,817     | \$2,579,532   | \$201,691           | \$2,805,040       | \$2,665,669   | -            | \$3,346,496   | \$244,106           | \$3,590,602  | \$2,968,945   |
| High-Speed Rail Authority                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | \$1,492       | -                   | \$1,492      | -                 | -            | \$3,001       | -                   | \$3,001           | -             | -            | \$3,027       | -                   | \$3,027      | -             |
| Office of Traffic Safety                        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | -              | 333           | -                   | 333          | 10,387            | -            | 332           | -                   | 332               | 24,554        | -            | 333           | -                   | 333          | 24,596        |
| Local Assistance                                | -              | -             | -                   | -            | 7,265             | -            | -             | -                   | -                 | 17,355        | -            | -             | -                   | -            | 17,355        |
| Totals, Office of Traffic Safety                | -              | \$333         | -                   | \$333        | \$17,652          | -            | \$332         | -                   | \$332             | \$41,909      | -            | \$333         | -                   | \$333        | \$41,951      |
| Dept of the California Highway Patrol           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                | \$3,462        | \$798,491     | -                   | \$801,953    | \$3,948           | -            | \$765,467     | -                   | \$765,467         | \$5,329       | -            | \$821,491     | -                   | \$821,491    | \$5,332       |
| Capital Outlay                                  | -              | 2,190         | -                   | 2,190        | -                 | 150          | 1,937         | -                   | 2,087             | -             | -            | 9,217         | -                   | 9,217        | -             |
| Totals, Dept of the California Highway Patrol   | \$3,462        | \$800,681     | -                   | \$804,143    | \$3,948           | \$150        | \$767,404     | -                   | \$767,554         | \$5,329       | -            | \$830,708     | -                   | \$830,708    | \$5,332       |

**SCHEDULE 9—Continued**[illegible]



**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|  | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Renewable Resources Investment Program             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | -              | \$2,177       | -                   | \$2,177      | -                 | -            | \$2,200       | -                   | \$2,200           | -             | -            | \$2,200       | -                   | \$2,200      | -             |
| Colorado River Board of California                 |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 205            | 14            | -                   | 219          | -                 | 207          | 16            | -                   | 223               | -             | 211          | 18            | -                   | 229          | -             |
| Department of Conservation                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 13,253         | 363,080       | -                   | 376,333      | 1,075             | 15,881       | 352,294       | -                   | 368,175           | 2,407         | 16,414       | 339,040       | -                   | 355,454      | 1,630         |
| Local Assistance                                   | -              | -             | -                   | -            | -                 | 8,240        | 5,600         | -                   | 13,840            | -             | 2,120        | -             | -                   | 2,120        | -             |
| Totals, Department of Conservation                 | \$13,253       | \$363,080     | -                   | \$376,333    | \$1,075           | \$24,121     | \$357,894     | -                   | \$382,015         | \$2,407       | \$18,534     | \$339,040     | -                   | \$357,574    | \$1,630       |
| Department of Forestry and Fire Protect            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | \$312,602      | \$5,687       | \$26                | \$318,315    | \$7,433           | \$309,202    | \$7,211       | \$25                | \$316,438         | \$9,198       | \$351,859    | \$6,691       | -                   | \$358,550    | \$9,163       |
| Local Assistance                                   | -              | -             | 400                 | 400          | 241               | 400          | -             | 400                 | 800               | -             | -            | -             | -                   | -            | -             |
| Capital Outlay                                     | 5,487          | -             | -                   | 5,487        | -                 | 35,809       | -             | -                   | 35,809            | -             | 27,008       | -             | -                   | 27,008       | -             |
| Totals, Department of Forestry and Fire Protection | \$318,089      | \$5,687       | \$426               | \$324,202    | \$7,674           | \$345,411    | \$7,211       | \$425               | \$353,047         | \$9,198       | \$378,867    | \$6,691       | -                   | \$385,558    | \$9,163       |
| State Lands Commission                             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | \$9,081        | \$4,865       | -                   | \$13,946     | -                 | \$10,209     | \$4,972       | -                   | \$15,181          | -             | \$9,488      | \$5,631       | -                   | \$15,119     | -             |
| Seismic Safety Commission                          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 781            | -             | 298                 | 1,079        | -                 | 772          | -             | 267                 | 1,039             | -             | 796          | -             | 65                  | 861          | -             |
| Department of Fish and Game                        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 4,406          | 135,190       | 11,239              | 150,835      | 24,498            | 28,250       | 115,179       | 13,476              | 156,905           | 26,330        | 16,870       | 122,251       | 11,482              | 150,603      | 30,067        |
| Local Assistance                                   | -              | 1,112         | 500                 | 1,612        | -                 | 1,600        | 2,492         | -                   | 4,092             | 2,000         | 1,600        | 933           | -                   | 2,533        | 2,000         |
| Capital Outlay                                     | -              | 940           | -                   | 940          | 8                 | 55           | 1,522         | 550                 | 2,127             | -             | -            | 319           | -                   | 319          | 250           |
| Totals, Department of Fish and Game                | \$4,406        | \$137,242     | \$11,739            | \$153,387    | \$24,506          | \$29,905     | \$119,193     | \$14,026            | \$163,124         | \$28,330      | \$18,470     | \$123,503     | \$11,482            | \$153,455    | \$32,317      |
| Wildlife Conservation Board                        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | -              | \$4,702       | -                   | \$4,702      | -                 | -            | \$4,028       | -                   | \$4,028           | -             | \$310        | \$2,764       | -                   | \$3,074      | -             |
| Local Assistance                                   | -              | 2,993         | 2,234               | 5,227        | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Capital Outlay                                     | -              | 12,941        | 5,919               | 18,860       | -                 | 171,495      | 21,087        | 8,919               | 201,501           | -             | 97,290       | 2,797         | -                   | 100,087      | -             |
| Totals, Wildlife Conservation Board                | -              | \$20,636      | \$8,153             | \$28,789     | -                 | \$171,495    | \$25,115      | \$8,919             | \$205,529         | -             | \$97,600     | \$5,561       | -                   | \$103,161    | -             |
| Dept of Boating & Waterways                        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | -              | -             | -                   | -            | \$944             | -            | -             | -                   | -                 | \$2,153       | -            | -             | -                   | -            | \$4,683       |
| Local Assistance                                   | -              | -157          | -                   | -157         | 1,611             | -            | -             | -                   | -                 | 2,428         | -            | -             | -                   | -            | 2,528         |
| Unclassified                                       | -              | 29,769        | -                   | 29,769       | -                 | -            | 30,315        | -                   | 30,315            | -             | -            | 31,276        | -                   | 31,276       | -             |
| Totals, Dept of Boating & Waterways                | -              | \$29,612      | -                   | \$29,612     | \$2,555           | -            | \$30,315      | -                   | \$30,315          | \$4,581       | -            | \$31,276      | -                   | \$31,276     | \$7,211       |
| California Coastal Commission                      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | \$7,190        | -             | -                   | \$7,190      | \$2,691           | \$7,442      | \$66          | -                   | \$7,508           | \$3,008       | \$8,353      | \$260         | -                   | \$8,613      | \$3,008       |
| Local Assistance                                   | -              | -             | -                   | -            | -                 | 843          | 130           | -                   | 973               | -             | 500          | 130           | -                   | 630          | -             |
| Totals, California Coastal Commission              | \$7,190        | -             | -                   | \$7,190      | \$2,691           | \$8,285      | \$196         | -                   | \$8,481           | \$3,008       | \$8,853      | \$390         | -                   | \$9,243      | \$3,008       |
| State Coastal Conservancy                          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | -              | -             | \$936               | \$936        | \$180             | \$158        | -             | \$1,109             | \$1,267           | \$174         | \$1,338      | -             | -                   | \$1,338      | \$101         |
| Local Assistance                                   | -              | 1,527         | 3,090               | 4,617        | 267               | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Capital Outlay                                     | -              | 2,736         | 1                   | 2,737        | 2,181             | 28,194       | 9,506         | 7,976               | 45,676            | 3,448         | 15,320       | 6,453         | -                   | 21,773       | 2,000         |
| Totals, State Coastal Conservancy                  | -              | \$4,263       | \$4,027             | \$8,290      | \$2,628           | \$28,352     | \$9,506       | \$9,085             | \$46,943          | \$3,622       | \$16,658     | \$6,453       | -                   | \$23,111     | \$2,101       |
| Dept of Parks and Recreation                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | \$70,823       | \$101,876     | \$1,437             | \$174,136    | \$2,961           | \$98,453     | \$106,723     | \$2,477             | \$207,653         | \$2,917       | \$65,266     | \$108,051     | \$2,347             | \$175,664    | \$2,947       |
| Local Assistance                                   | 379            | 20,368        | 3,155               | 23,902       | 2,203             | 30,755       | 18,981        | 2,318               | 52,054            | 11,999        | -            | 19,251        | -121                | 19,130       | 6,875         |
| Capital Outlay                                     | 4,120          | 9,357         | 2,964               | 16,441       | 416               | 20,891       | 17,925        | 9,609               | 48,425            | 1,493         | 9,925        | 11,063        | 1,288               | 22,276       | 600           |
| Totals, Dept of Parks and Recreation               | \$75,322       | \$131,601     | \$7,556             | \$214,479    | \$5,580           | \$150,099    | \$143,629     | \$14,404            | \$308,132         | \$16,409      | \$75,191     | \$138,365     | \$3,514             | \$217,070    | \$10,422      |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
(Dollars in Thousands)

|   | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Santa Monica Mountains Conservancy                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | -              | \$96          | -                   | \$96         | -                 | -            | \$106         | -                   | \$106             | -             | -            | \$111         | -                   | \$111        | -             |
| Capital Outlay .....                                  | -              | -             | 4,700               | 4,700        | -                 | -            | -             | 300                 | 300               | -             | -            | -             | -                   | -            | -             |
| Totals, Santa Monica Mountains Conservancy .....      | -              | \$96          | \$4,700             | \$4,796      | -                 | -            | \$106         | \$300               | \$406             | -             | -            | \$111         | -                   | \$111        | -             |
| San Francisco Bay Conserv & Develop Com               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | \$1,729        | \$144         | -                   | \$1,873      | \$73              | \$1,948      | -             | -                   | \$1,948           | \$106         | \$2,610      | \$174         | -                   | \$2,784      | \$106         |
| San Joaquin River Conservancy                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | -              | 179           | -                   | 179          | -                 | -            | 185           | -                   | 185               | -             | -            | 202           | -                   | 202          | -             |
| Delta Protection Commission                           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | -              | 165           | -                   | 165          | -                 | -            | 164           | -                   | 164               | -             | -            | 132           | -                   | 132          | -             |
| Coachella Valley Mountains Conservancy                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | -              | 99            | -                   | 99           | -                 | -            | 162           | -                   | 162               | -             | -            | 30            | -                   | 30           | -             |
| Capital Outlay .....                                  | -              | 11            | -                   | 11           | -                 | -            | 69            | -                   | 69                | -             | -            | 100           | -                   | 100          | -             |
| Totals, Coachella Valley Mountains Conservancy .....  | -              | \$110         | -                   | \$110        | -                 | -            | \$231         | -                   | \$231             | -             | -            | \$130         | -                   | \$130        | -             |
| Department of Water Resources                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | \$28,487       | \$17,446      | \$21,290            | \$67,223     | \$1,934           | \$55,930     | \$2,381       | \$20,846            | \$79,157          | \$5,191       | \$40,492     | \$2,394       | \$9,505             | \$52,391     | \$5,191       |
| Local Assistance .....                                | -              | 10,841        | 30,682              | 41,523       | -                 | 89,140       | 5,040         | 58,332              | 152,512           | -             | -            | 2,333         | 68,964              | 71,297       | -             |
| Capital Outlay .....                                  | 13,325         | -             | -                   | 13,325       | -                 | 39,576       | -             | 2,250               | 41,826            | -             | 22,225       | -             | 3,270               | 25,495       | -             |
| Totals, Department of Water Resources .....           | \$41,812       | \$28,287      | \$51,972            | \$122,071    | \$1,934           | \$184,646    | \$7,421       | \$81,428            | \$273,495         | \$5,191       | \$62,717     | \$4,727       | \$81,739            | \$149,183    | \$5,191       |
| General Obligation Bonds-Resources                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | \$200,080      | -             | -                   | \$200,080    | -                 | \$194,905    | -             | -                   | \$194,905         | -             | \$197,138    | -             | -                   | \$197,138    | -             |
| TOTALS, RESOURCES .....                               | \$717,914      | \$838,434     | \$91,284            | \$1,647,632  | \$75,355          | \$1,209,296  | \$963,284     | \$198,054           | \$2,370,634       | \$115,201     | \$944,612    | \$920,016     | \$96,800            | \$1,961,428  | \$92,226      |
| State Operations .....                                | 684,089        | 744,529       | 37,639              | 1,466,257    | 68,428            | 760,268      | 835,689       | 96,400              | 1,692,357         | 93,833        | 748,680      | 835,965       | 23,399              | 1,608,044    | 77,973        |
| Local Assistance .....                                | 7,839          | 38,100        | 40,061              | 86,000       | 4,322             | 141,771      | 42,150        | 61,050              | 244,971           | 16,427        | 11,399       | 27,986        | 68,843              | 108,228      | 11,403        |
| Capital Outlay .....                                  | 25,986         | 26,036        | 13,584              | 65,606       | 2,605             | 307,257      | 55,130        | 40,604              | 402,991           | 4,941         | 184,533      | 24,789        | 4,558               | 213,880      | 2,850         |
| Unclassified .....                                    | -              | 29,769        | -                   | 29,769       | -                 | -            | 30,315        | -                   | 30,315            | -             | -            | 31,276        | -                   | 31,276       | -             |
| CALIF ENVIRONMENTAL PROTECTION AGENCY                 |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Secretary for Environmental Protection                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | 664            | 813           | -                   | 1,477        | -                 | 3,396        | 1,703         | -                   | 5,099             | -             | 2,892        | 2,841         | -                   | 5,733        | -             |
| State Air Resources Board                             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | 2,500          | 87,207        | -                   | 89,707       | 9,807             | 50,181       | 72,386        | -                   | 122,567           | 10,758        | 22,610       | 71,511        | -                   | 94,121       | 10,767        |
| Local Assistance .....                                | -              | 7,511         | -                   | 7,511        | -                 | -            | 7,511         | -                   | 7,511             | -             | -            | 7,511         | -                   | 7,511        | -             |
| Totals, State Air Resources Board .....               | \$2,500        | \$94,718      | -                   | \$97,218     | \$9,807           | \$50,181     | \$79,897      | -                   | \$130,078         | \$10,758      | \$22,610     | \$79,022      | -                   | \$101,632    | \$10,767      |
| Calif Integrated Waste Management Board               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | -              | \$46,734      | -                   | \$46,734     | \$178             | -            | \$61,180      | -                   | \$61,180          | \$551         | -            | \$60,168      | -                   | \$60,168     | \$552         |
| Local Assistance .....                                | -              | 14,344        | -                   | 14,344       | -                 | -            | 19,978        | -                   | 19,978            | 1,500         | -            | 19,978        | -                   | 19,978       | 1,500         |
| Totals, Calif Integrated Waste Management Board ..... | -              | \$61,078      | -                   | \$61,078     | \$178             | -            | \$81,158      | -                   | \$81,158          | \$2,051       | -            | \$80,146      | -                   | \$80,146     | \$2,052       |
| Department of Pesticide Regulation                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | \$8,466        | \$24,221      | -                   | \$32,687     | \$2,142           | \$12,835     | \$23,728      | -                   | \$36,563          | \$2,535       | \$9,607      | \$23,376      | -                   | \$32,983     | \$2,173       |
| Local Assistance .....                                | 2,449          | 9,608         | -                   | 12,057       | -                 | 4,378        | 9,988         | -                   | 14,366            | -             | 2,674        | 10,468        | -                   | 13,142       | -             |
| Totals, Department of Pesticide Regulation .....      | \$10,915       | \$33,829      | -                   | \$44,744     | \$2,142           | \$17,213     | \$33,716      | -                   | \$50,929          | \$2,535       | \$12,281     | \$33,844      | -                   | \$46,125     | \$2,173       |
| State Water Resources Control Board                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....                                | \$34,876       | \$272,337     | \$1,662             | \$308,875    | \$23,534          | \$39,724     | \$239,524     | \$6,099             | \$285,347         | \$27,543      | \$40,591     | \$212,915     | \$2,823             | \$256,329    | \$33,955      |
| Local Assistance .....                                | -              | -             | 31,312              | 31,312       | 95,145            | 2,525        | -             | 77,200              | 79,725            | 90,000        | -            | -             | 72,263              | 72,263       | 90,000        |
| Totals, State Water Resources Control Board .....     | \$34,876       | \$272,337     | \$32,974            | \$340,187    | \$118,679         | \$42,249     | \$239,524     | \$83,299            | \$365,072         | \$117,543     | \$40,591     | \$212,915     | \$75,086            | \$328,592    | \$123,955     |

**SCHEDULE 9—Continued**

|  | Actual 1997-98 |               |                     |              |               | Estimated 1998-99 |               |                     |              |               | Estimated 1999-00 |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Band Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Band Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Band Funds | Budget Total | Federal Funds |
| Department of Toxic Substances Control               |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | \$25,992       | \$63,929      | \$456               | \$90,377     | \$23,307      | \$32,459          | \$64,623      | \$2,000             | \$99,282     | \$27,058      | \$36,648          | \$69,959      | -                   | \$106,607    | \$24,453      |
| Local Assistance .....                               | -              | -             | -                   | -            | -             | 100               | -             | -                   | 100          | -             | -                 | -             | -                   | -            | -             |
| Totals, Department of Toxic Substances Control ..... | \$25,992       | \$63,929      | \$456               | \$90,377     | \$23,307      | \$32,759          | \$64,623      | \$2,000             | \$99,382     | \$27,058      | \$36,648          | \$69,959      | -                   | \$106,607    | \$24,453      |
| Ofc of Environmental Health Hazard Asmt              |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | \$4,342        | \$792         | -                   | \$5,134      | \$82          | \$6,338           | \$799         | -                   | \$7,137      | -             | \$6,503           | \$759         | -                   | \$7,262      | -             |
| General Obligation Bonds-Environmental               |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | 26,130         | -             | -                   | 26,130       | -             | 23,020            | -             | -                   | 23,020       | -             | 21,931            | -             | -                   | 21,931       | -             |
| TOTALS, CALIF ENVIRONMENTAL PROTECTION AGENCY .....  | \$105,419      | \$527,496     | \$33,430            | \$666,345    | \$154,195     | \$175,156         | \$501,420     | \$85,299            | \$761,875    | \$159,945     | \$143,456         | \$479,486     | \$75,086            | \$698,028    | \$163,400     |
| State Operations .....                               | 102,970        | 496,033       | 2,118               | 601,121      | 59,050        | 168,153           | 463,943       | 8,099               | 640,195      | 68,445        | 140,782           | 441,529       | 2,823               | 585,134      | 71,900        |
| Local Assistance .....                               | 2,449          | 31,463        | 31,312              | 65,224       | 95,145        | 7,003             | 37,477        | 77,200              | 121,680      | 91,500        | 2,674             | 37,957        | 72,263              | 112,894      | 91,500        |
| HEALTH AND HUMAN SERVICES                            |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| Secretary for Cal Health & Human Serv Ag             |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | 1,762          | -             | -                   | 1,762        | -             | 1,287             | -             | -                   | 1,287        | -             | 1,290             | -             | -                   | 1,290        | -             |
| State Council Developmental Disabilities             |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | -              | -             | -                   | -            | 5,825         | -                 | -             | -                   | -            | 6,027         | -                 | -             | -                   | -            | 6,033         |
| Emergency Medical Services Authority                 |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | 1,220          | 716           | -                   | 1,936        | 1,066         | 1,216             | 781           | -                   | 1,997        | 1,149         | 1,841             | 791           | -                   | 2,632        | 1,027         |
| Local Assistance .....                               | 2,435          | -             | -                   | 2,435        | 1,763         | 4,197             | -             | -                   | 4,197        | 2,084         | 4,207             | -             | -                   | 4,207        | 2,084         |
| Totals, Emergency Medical Services Authority .....   | \$3,655        | \$716         | -                   | \$4,371      | \$2,829       | \$5,413           | \$781         | -                   | \$6,194      | \$3,233       | \$6,048           | \$791         | -                   | \$6,839      | \$3,111       |
| Health and Welfare Agency Data Center                |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | -              | -             | -                   | -            | -             | -                 | -             | -                   | -            | -             | -\$663            | -             | -                   | -\$663       | -             |
| Capital Outlay .....                                 | -              | -             | -                   | -            | -             | -                 | -             | -                   | -            | -             | 5,526             | -             | -                   | 5,526        | -             |
| Totals, Health and Welfare Agency Data Center .....  | -              | -             | -                   | -            | -             | -                 | -             | -                   | -            | -             | \$4,863           | -             | -                   | \$4,863      | -             |
| Office Statewide Health Planning-Develop             |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | \$841          | \$28,536      | -                   | \$29,377     | \$87          | \$830             | \$31,043      | -                   | \$31,873     | \$500         | \$826             | \$32,755      | -                   | \$33,581     | \$735         |
| Local Assistance .....                               | 4,536          | 1,899         | -                   | 6,435        | 750           | 8,962             | 1,837         | -                   | 10,799       | 1,000         | 5,235             | 1,736         | -                   | 6,971        | 1,000         |
| Totals, Office Statewide Health Planning-Devel ..... | \$5,377        | \$30,435      | -                   | \$35,812     | \$837         | \$9,792           | \$32,880      | -                   | \$42,672     | \$1,500       | \$6,061           | \$34,491      | -                   | \$40,552     | \$1,735       |
| Department of Aging                                  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | \$3,012        | \$117         | -                   | \$3,129      | \$4,448       | \$3,661           | \$142         | -                   | \$3,803      | \$4,647       | \$3,660           | \$159         | -                   | \$3,819      | \$4,809       |
| Local Assistance .....                               | 29,346         | 854           | -                   | 30,200       | 91,977        | 39,292            | 854           | -                   | 40,146       | 96,068        | 29,020            | 854           | -                   | 29,874       | 95,670        |
| Totals, Department of Aging .....                    | \$32,358       | \$971         | -                   | \$33,329     | \$96,425      | \$42,953          | \$996         | -                   | \$43,949     | \$100,715     | \$32,680          | \$1,013       | -                   | \$33,693     | \$100,479     |
| Commission on Aging                                  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | -              | -             | -                   | -            | \$269         | -                 | -             | -                   | -            | \$299         | -                 | -             | -                   | -            | \$280         |
| Dept of Alcohol and Drug Programs                    |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | 4,270          | 225           | -                   | 4,495        | 16,852        | 4,401             | 829           | -                   | 5,230        | 17,450        | 4,446             | 712           | -                   | 5,158        | 17,856        |
| Local Assistance .....                               | 76,913         | -             | -                   | 76,913       | 215,674       | 93,697            | -             | -                   | 93,697       | 236,198       | 90,963            | -             | -                   | 90,963       | 226,940       |
| Totals, Dept of Alcohol and Drug Programs .....      | \$81,183       | \$225         | -                   | \$81,408     | \$232,526     | \$98,098          | \$829         | -                   | \$98,927     | \$253,648     | \$95,409          | \$712         | -                   | \$96,121     | \$244,796     |
| Child Development Policy Advisory Comm               |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations .....                               | \$202          | -             | -                   | \$202        | -             | \$236             | -             | -                   | \$236        | -             | \$488             | -             | -                   | \$488        | -             |



**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|  | Actual 1997-98 |               |                     | Estimated 1998-99 |               |              | Estimated 1999-00 |                     |              |               |
|--|----------------|---------------|---------------------|-------------------|---------------|--------------|-------------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds     | Selected Bond Funds | Budget Total | Federal Funds |
| Children & Families First Commission                         |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | -             |
| Local Assistance .....                                       | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | -             |
| Totals, Children & Families First Commission .....           | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | -             |
| Dept of Health Services                                      |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | \$167,810      | \$158,397     | -                   | \$326,207         | \$254,918     | \$200,063    | \$167,852         | -                   | \$367,915    | \$283,298     |
| Local Assistance .....                                       | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | -             |
| Totals, Dept of Health Services .....                        | \$167,810      | \$158,397     | -                   | \$326,207         | \$254,918     | \$200,063    | \$167,852         | -                   | \$367,915    | \$283,298     |
| California Medical Assistance Commission                     |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | \$986          | -             | -                   | \$986             | -             | \$1,226      | -                 | -                   | \$1,226      | -             |
| Managed Risk Medical Insurance Board                         |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | 1,464          | 1,269         | -                   | 2,733             | -             | 855          | 1,449             | -                   | 2,304        | 1,640         |
| Local Assistance .....                                       | -              | 74,475        | -                   | 74,475            | -             | 22,844       | 73,994            | -                   | 96,838       | 44,405        |
| Totals, Managed Risk Medical Insurance Board .....           | \$1,464        | \$75,734      | -                   | \$77,198          | -             | \$23,699     | \$75,443          | -                   | \$99,142     | \$46,045      |
| Department of Developmental Services                         |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | \$54,294       | \$223         | -                   | \$54,517          | \$2,430       | \$57,353     | \$233             | -                   | \$57,586     | \$2,558       |
| Local Assistance .....                                       | 483,217        | 1,930         | -                   | 485,147           | 41,742        | 661,435      | 2,180             | -                   | 663,615      | 42,283        |
| Capital Outlay .....   | 199            | -             | -                   | 199               | -             | 11,311       | -                 | -                   | 11,311       | -             |
| Totals, Department of Developmental Services .....           | \$537,710      | \$2,153       | -                   | \$539,863         | \$44,172      | \$730,099    | \$2,413           | -                   | \$732,512    | \$44,841      |
| Department of Mental Health                                  |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | \$292,837      | -             | -                   | \$292,837         | \$2,084       | \$318,976    | -                 | -                   | \$318,976    | \$2,158       |
| Local Assistance .....                                       | 251,991        | 402           | -                   | 252,393           | 36,712        | 317,857      | 500               | -                   | 318,357      | 37,746        |
| Capital Outlay .....   | 8,870          | -             | -                   | 8,870             | -             | 13,501       | -                 | -                   | 14,754       | -             |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Department of Community Services & Development               |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | -              | -             | -                   | -                 | \$7,571       | \$100        | -                 | -                   | \$100        | \$12,218      |
| Local Assistance .....                                       | 2,000          | -             | -                   | 2,000             | 87,566        | 2,950        | -                 | -                   | 2,950        | 109,033       |
| Totals, Department of Community Services & Development ..... | \$2,000        | -             | -                   | \$2,000           | \$95,137      | \$3,050      | -                 | -                   | \$3,050      | \$121,251     |
| Employment Development Dept                                  |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | \$23,167       | \$47,487      | -                   | \$70,654          | \$720,975     | \$23,254     | \$46,077          | -                   | \$69,331     | \$794,929     |
| Local Assistance .....                                       | -              | -             | -                   | -                 | 3,232,315     | 1,250        | -                 | -                   | 1,250        | 3,017,900     |
| Capital Outlay .....   | -              | -             | -                   | -                 | -1,155        | -            | -                 | -                   | -            | 4,554         |
| Totals, Employment Development Dept .....                    | \$23,167       | \$47,487      | -                   | \$70,654          | \$3,952,135   | \$24,504     | \$46,077          | -                   | \$70,581     | \$3,817,383   |
| Dept of Rehabilitation                                       |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | \$37,754       | -             | -                   | \$37,754          | \$225,715     | \$42,881     | -                 | -                   | \$42,881     | \$241,964     |
| Local Assistance .....                                       | 82,634         | -             | -                   | 82,634            | 7,499         | 78,896       | -                 | -                   | 78,896       | 7,490         |
| Totals, Dept of Rehabilitation .....                         | \$120,388      | -             | -                   | \$120,388         | \$233,214     | \$121,777    | -                 | -                   | \$121,777    | \$249,454     |
| Dept of Social Services                                      |                |               |                     |                   |               |              |                   |                     |              |               |
| State Operations .....                                       | \$70,173       | \$1,921       | -                   | \$72,094          | \$291,609     | \$104,445    | \$4,217           | -                   | \$108,662    | \$342,050     |
| Local Assistance .....                                       | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | -             |
| ColWorks .....   | 1,627,919      | -             | -                   | 1,627,919         | 2,206,228     | 1,999,515    | -                 | -                   | 1,999,515    | 4,080,966     |
| Totals, Dept of Social Services .....                        | \$1,700,092    | \$1,921       | -                   | \$1,700,013       | \$517,837     | \$1,103,960  | \$4,217           | -                   | \$1,104,182  | \$517,837     |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$553,698      | \$402         | -                   | \$554,100         | \$38,796      | \$650,334    | \$500             | -                   | \$652,087    | \$39,904      |
| Totals, Department of Community Services & Development ..... | \$1,723,259    | \$49,408      | -                   | \$1,772,667       | \$5,188,369   | \$1,228,459  | \$50,294          | -                   | \$1,278,756  | \$5,188,369   |
| Totals, Department of Mental Health .....                    | \$             |               |                     |                   |               |              |                   |                     |              |               |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|   | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|
|   | General Fund   | Special Funds | Selected Band Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Band Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Band Funds |
| Foster Care .....                               | 366,615        | -             | -                   | 366,615      | 558,363           | 425,814      | -             | -                   | 425,814           | 500,709       | 438,295      | -             | -                   |
| SSI/SSP .....                                   | 2,025,413      | -             | -                   | 2,025,413    | -                 | 2,255,615    | -             | -                   | 2,255,615         | -             | 2,438,997    | -             | -                   |
| Refugee Cash Assistance .....                   | -              | -             | -                   | -            | 4,756             | -            | -             | -                   | -                 | 4,715         | -            | -             | -                   |
| County Administration .....                     | 474,722        | -             | -                   | 474,722      | 889,267           | 302,693      | -             | -                   | 302,693           | 619,652       | 287,097      | -             | -                   |
| Community Care Licensing .....                  | 6,422          | -             | -                   | 6,422        | 7,592             | 7,309        | -             | -                   | 7,309             | 7,600         | 7,085        | -             | -                   |
| Child Welfare Services .....                    | 450,985        | 248           | -                   | 451,233      | 564,114           | 539,389      | 151           | -                   | 539,540           | 638,956       | 587,997      | 199           | -                   |
| Special Programs .....                          | 18,381         | -             | -                   | 18,381       | 26,892            | 48,491       | -             | -                   | 48,491            | 33,275        | 63,852       | -             | -                   |
| Other Programs .....                            | 986,416        | -             | -                   | 986,416      | 491,398           | 877,947      | -             | -                   | 877,947           | 240,031       | 908,747      | -             | -                   |
| Totals, Local Assistance .....                  | 5,956,873      | 248           | -                   | 5,957,121    | 4,748,610         | 6,456,773    | 151           | -                   | 6,456,924         | 6,125,904     | 6,515,255    | 199           | -                   |
| Totals, Dept of Social Services .....           | \$6,027,046    | \$2,169       | -                   | \$6,029,215  | \$5,040,219       | \$6,561,218  | \$4,368       | -                   | \$6,566,586       | \$6,467,954   | \$6,615,708  | \$3,751       | -                   |
| State-Local Realignment .....                   | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   |
| Local Assistance .....                          | -              | \$2,735,345   | -                   | \$2,735,345  | -                 | -            | \$2,755,934   | -                   | \$2,755,934       | -             | -            | \$2,782,413   | -                   |
| General Obligation Bonds-H&S .....              | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   |
| State Operations .....                          | 4,095          | -             | -                   | 4,095        | -                 | 3,916        | -             | -                   | 3,916             | -             | 3,735        | -             | -                   |
| Miscellaneous Adjustments-H&S .....             | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   |
| Local Assistance .....                          | -              | -             | -                   | -            | -                 | 50,014       | -             | -                   | 50,014            | -             | 44,100       | -             | -                   |
| TOTALS, HEALTH AND HUMAN SERVICES .....         | \$14,638,846   | \$3,390,115   | -                   | \$18,028,961 | \$20,654,203      | \$16,310,686 | \$3,779,991   | \$1,253             | \$20,091,930      | \$23,389,449  | \$16,384,707 | \$4,014,160   | \$4,836             |
| State Operations .....                          | 663,887        | 238,881       | -                   | 902,768      | 1,533,849         | 764,700      | 327,110       | -                   | 1,091,810         | 1,710,687     | 802,835      | 378,482       | -                   |
| Local Assistance .....                          | 13,962,039     | 3,151,234     | -                   | 17,113,273   | 19,121,509        | 15,521,174   | 3,452,881     | -                   | 18,974,055        | 21,674,008    | 15,563,136   | 3,635,678     | -                   |
| Capital Outlay .....                            | 12,920         | -             | -                   | 12,920       | -1,155            | 24,812       | -             | 1,253               | 26,065            | 4,554         | 18,736       | -             | 4,836               |
| YOUTH AND ADULT CORRECTIONAL AGENCY             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| Sec for Youth and Adult Corrections             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| State Operations .....                          | 1,249          | -             | -                   | 1,249        | -                 | 2,099        | -             | -                   | 2,099             | -             | 1,255        | -             | -                   |
| Office of the Inspector General                 |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| State Operations .....                          | -              | -             | -                   | -            | -                 | 1,950        | -             | -                   | 1,950             | -             | 3,651        | -             | -                   |
| Dept of Corrections                             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| State Operations .....                          | 3,591,712      | -             | -                   | 3,591,712    | 2,308             | 3,826,881    | -             | -                   | 3,826,881         | 3,093         | 3,996,508    | -             | -                   |
| Local Assistance .....                          | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   |
| Transportation of Prisoners .....               | 196            | -             | -                   | 196          | -                 | 196          | -             | -                   | 196               | -             | 196          | -             | -                   |
| Returning Fugitives .....                       | 2,006          | -             | -                   | 2,006        | -                 | 2,006        | -             | -                   | 2,006             | -             | 2,006        | -             | -                   |
| Court Costs and County Charges .....            | 9,235          | -             | -                   | 9,235        | -                 | 15,881       | -             | -                   | 15,881            | -             | 12,930       | -             | -                   |
| Asst to Counties for Detentn of Paralees, ..... | 18,189         | -             | -                   | 18,189       | -                 | 47,089       | -             | -                   | 47,089            | -             | 22,189       | -             | -                   |
| State Mandated Local Programs .....             | -              | -             | -                   | -            | -                 | 8,347        | -             | -                   | 8,347             | -             | 1,958        | -             | -                   |
| Totals, Local Assistance .....                  | 29,626         | -             | -                   | 29,626       | -                 | 73,519       | -             | -                   | 73,519            | -             | 39,279       | -             | -                   |
| Capital Outlay .....                            | 8,111          | -             | 11,063              | 19,174       | -                 | 34,867       | -             | 19,158              | 54,025            | -             | 41,808       | -             | 1,306               |
| Totals, Dept of Corrections .....               | \$3,629,449    | -             | \$11,063            | \$3,640,512  | \$2,308           | \$3,935,267  | -             | \$19,158            | \$3,954,425       | \$3,093       | \$4,077,595  | -             | \$1,306             |
| Board of Corrections                            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| State Operations .....                          | \$3,699        | \$1,937       | \$699               | \$6,335      | \$326             | \$3,057      | \$2,128       | \$497               | \$5,682           | \$1,059       | \$3,274      | \$2,218       | \$331               |
| Local Assistance .....                          | 15,886         | 7,928         | 9,110               | 32,924       | 11                | 30,198       | 14,720        | 1,920               | 46,838            | 15,000        | 67,717       | 14,720        | -                   |
| Totals, Board of Corrections .....              | \$19,585       | \$9,865       | \$9,809             | \$39,259     | \$337             | \$33,255     | \$16,848      | \$2,417             | \$52,520          | \$16,059      | \$70,991     | \$16,938      | \$331               |
| Board of Prison Terms                           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| State Operations .....                          | \$12,954       | -             | -                   | \$12,954     | -                 | \$14,723     | -             | -                   | \$14,723          | -             | \$15,501     | -             | -                   |
| Youthful Offender Parole Board                  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| State Operations .....                          | 3,256          | -             | -                   | 3,256        | -                 | 3,320        | -             | -                   | 3,320             | -             | 3,348        | -             | -                   |
| Dept of the Youth Authority                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |
| State Operations .....                          | 326,744        | -             | 27                  | 326,771      | 1,024             | 307,376      | -             | 20                  | 307,396           | 1,672         | 301,523      | -             | 20                  |



**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|  | Actual 1997-98 |               |                     |              |               | Estimated 1998-99 |               |                     |              |               | Estimated 1999-00 |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Band Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Band Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Band Funds | Budget Total | Federal Funds |
| Local Assistance   |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| Transportation of Wardens  | 27             | -             | -                   | 27           | -             | 92                | -             | -                   | 92           | -             | 92                | -             | -                   | 92           | -             |
| Asst to Counties for Detentn of Parolees                               | 1,823          | -             | -                   | 1,823        | -             | 2,827             | -             | -                   | 2,827        | -             | 2,827             | -             | -                   | 2,827        | -             |
| Regional Youth Education Centers                                       | -              | -             | -                   | -            | -             | 4,625             | -             | -                   | 4,625        | -             | 15,000            | -             | -                   | 15,000       | -             |
| County Correction Facil (Juvenile Facil)                               | -              | -             | 11,854              | 11,854       | -             | -                 | -             | 5,010               | 5,010        | -             | -                 | -             | 1,064               | 1,064        | -             |
| Yg Men as Fathers Preventing/Mentor Prog                               | 989            | -             | -                   | 989          | -             | 1,000             | -             | -                   | 1,000        | -             | 1,000             | -             | -                   | 1,000        | -             |
| Totals, Local Assistance   | 2,839          | -             | 11,854              | 14,693       | -             | 8,544             | -             | 5,010               | 13,554       | -             | 18,919            | -             | 1,064               | 19,983       | -             |
| Capital Outlay   | 2,703          | -             | 285                 | 2,988        | 256           | 15,150            | -             | 468                 | 15,618       | 3,961         | 22,489            | -             | -                   | 22,489       | -             |
| Totals, Dept of the Youth Authority                                    | \$332,286      | -             | \$12,166            | \$344,452    | \$1,280       | \$331,070         | -             | \$5,498             | \$336,568    | \$5,633       | \$342,931         | -             | \$1,084             | \$344,015    | \$1,535       |
| Federal Immigration Funding-Incarceratn                                |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations   | -              | -             | -                   | -            | \$241,000     | -                 | -             | -                   | -            | \$172,700     | -                 | -             | -                   | -            | \$272,700     |
| General Obligation Bonds-YAC   |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations   | 380,841        | -             | -                   | 380,841      | -             | 361,345           | -             | -                   | 361,345      | -             | 346,674           | -             | -                   | 346,674      | -             |
| TOTALS, YOUTH AND ADULT CORRECTIONAL AGENCY                            | \$4,138,620    | \$9,865       | \$33,038            | \$4,181,523  | \$244,925     | \$4,510,329       | \$16,848      | \$27,073            | \$4,554,250  | \$197,485     | \$4,589,246       | \$16,938      | \$2,721             | \$4,608,905  | \$331,197     |
| State Operations   | 4,079,455      | 1,937         | 726                 | 4,082,118    | 244,658       | 4,348,051         | 2,128         | 517                 | 4,350,696    | 178,524       | 4,399,034         | 2,218         | 351                 | 4,401,603    | 277,197       |
| Local Assistance   | 48,351         | 7,928         | 20,964              | 77,243       | 11            | 112,261           | 14,720        | 6,930               | 133,911      | 15,000        | 125,915           | 14,720        | 1,064               | 141,699      | 54,000        |
| Capital Outlay   | 10,814         | -             | 11,348              | 22,162       | 256           | 50,017            | -             | 19,626              | 69,643       | 3,961         | 64,297            | -             | 1,306               | 65,603       | -             |
| EDUCATION  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| K thru 12 Education  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| Office of the Secretary for Education                                  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations   | 2,082          | -             | -                   | 2,082        | 1,460         | 2,459             | -             | -                   | 2,459        | 2,050         | 6,450             | -             | -                   | 6,450        | 1,456         |
| Local Assistance   | 4,975          | -             | -                   | 4,975        | 20,346        | 10,000            | -             | -                   | 10,000       | 31,200        | 12,000            | -             | -                   | 12,000       | 29,750        |
| Totals, Office of the Secretary for Education, Department of Education | \$7,057        | -             | -                   | \$7,057      | \$21,806      | \$12,459          | -             | -                   | \$12,459     | \$33,250      | \$18,450          | -             | -                   | \$18,450     | \$31,206      |
| Department of Education  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations   | \$84,345       | \$3,654       | -                   | \$87,999     | \$79,180      | \$85,914          | \$3,730       | -                   | \$89,644     | \$90,616      | \$88,175          | \$3,252       | -                   | \$91,427     | \$91,202      |
| Local Assistance   |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| Adult Education  | 463,015        | -             | -                   | 463,015      | 38,317        | 499,667           | -             | -                   | 499,667      | 39,869        | 544,569           | -             | -                   | 544,569      | 39,869        |
| Apparitions - District and County                                      | 11,559,156     | 8,200         | -                   | 11,567,356   | -             | 12,410,514        | 6,547         | -                   | 12,417,061   | -             | 12,805,693        | 6,547         | -                   | 12,812,240   | -             |
| Child Development  | 607,027        | -             | -                   | 607,027      | 353,410       | 793,638           | -             | -                   | 793,638      | 455,252       | 835,920           | -             | -                   | 835,920      | 718,237       |
| Child Nutrition  | 11,364         | -             | -                   | 11,364       | 1,182,766     | 1,188,2           | -             | -                   | 1,188,2      | 1,215,106     | 12,407            | -             | -                   | 12,407       | 1,215,106     |
| Categorical Programs   | 5,619,472      | 45,789        | -                   | 5,665,261    | 1,232,129     | 6,404,656         | 33,153        | -                   | 6,437,809    | 1,362,507     | 6,973,500         | 26,919        | -                   | 7,000,419    | 1,372,689     |
| Pupil Assessment   | 14,470         | -             | -                   | 14,470       | -             | 55,969            | -             | -                   | 55,969       | -             | 107,869           | -             | -                   | 107,869      | -             |
| Special Education  | 1,870,172      | -             | -                   | 1,870,172    | 329,040       | 2,055,384         | -             | -                   | 2,055,384    | 398,801       | 2,231,850         | -             | -                   | 2,231,850    | 448,098       |
| State-Mandated Local Programs  | 124,594        | -             | -                   | 124,594      | -             | 109,505           | -             | -                   | 109,505      | -             | 98,599            | -             | -                   | 98,599       | -             |
| Totals, Local Assistance   | 20,269,270     | 53,989        | -                   | 20,323,259   | 3,135,662     | 22,341,215        | 39,700        | -                   | 22,380,915   | 3,471,535     | 23,610,407        | 33,466        | -                   | 23,643,873   | 3,793,999     |
| Capital Outlay   | -              | -             | -                   | -            | -             | -                 | -             | -                   | -            | -             | 1,078             | -             | -                   | 1,078        | -             |
| Totals, Department of Education  | \$20,353,615   | \$57,643      | -                   | \$20,411,258 | \$3,214,842   | \$22,427,129      | \$43,430      | -                   | \$22,470,559 | \$3,562,151   | \$23,699,660      | \$36,718      | -                   | \$23,736,378 | \$3,885,201   |
| Est of Academic Contnt & Perf Stand, Cam                               |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations   | \$1,255        | -             | -                   | \$1,255      | -             | \$704             | -             | -                   | \$704        | -             | -                 | -             | -                   | -            | -             |
| State Library  |                |               |                     |              |               |                   |               |                     |              |               |                   |               |                     |              |               |
| State Operations   | 12,576         | 425           | 208                 | 13,209       | 2,858         | 14,782            | 540           | 208                 | 15,530       | 2,822         | 15,867            | 540           | 208                 | 16,615       | 3,007         |
| Local Assistance   | 34,590         | -             | -                   | 34,590       | 11,901        | 61,176            | -             | -                   | 61,176       | 11,901        | 61,376            | -             | -                   | 61,376       | 11,901        |
| Capital Outlay   | -              | -             | -                   | -            | -             | 30                | -             | -                   | 30           | -             | -                 | -             | -                   | -            | -             |
| Totals, State Library  | \$47,166       | \$425         | \$208               | \$47,799     | \$14,759      | \$75,988          | \$540         | \$208               | \$76,736     | \$14,723      | \$77,243          | \$540         | \$208               | \$77,991     | \$14,908      |



**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|  | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Calif State Summer School for the Arts                                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....   | \$631          | -             | -                   | \$631        | -                 | \$722        | -             | -                   | \$722             | -             | \$723        | -             | -                   | \$723        | -             |
| Contributions to Teachers Retire Fund                                      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance .....   | 954,174        | -             | -                   | 954,174      | -                 | 292,932      | -             | -                   | 292,932           | -             | 933,764      | -             | -                   | 933,764      | -             |
| Reliefment Costs for Community Colleges                                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance .....   | -77,288        | -             | -                   | -77,288      | -                 | -47,809      | -             | -                   | -47,809           | -             | -79,506      | -             | -                   | -79,506      | -             |
| Calif Occupational Info Coord Committee                                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....   | -              | -             | -                   | -            | 304               | -            | -             | -                   | -                 | 282           | -            | -             | -                   | -            | 282           |
| School Facilities Aid Program  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance .....   | 9,354          | -11,498       | 155,598             | 153,454      | 3,788             | 0-           | 11,573        | 3,471,256           | 3,459,683         | -             | -            | -11,589       | 35,000              | 23,411       | -             |
| Commission on Teacher Credentialing  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....   | 92             | 19,160        | -                   | 19,252       | 159               | 745          | 25,095        | -                   | 25,840            | 158           | 1,560        | 21,351        | -                   | 22,911       | 37            |
| Local Assistance .....   | 3,828          | -             | -                   | 3,828        | -                 | 26,128       | -             | -                   | 26,128            | -             | 32,770       | -             | -                   | 32,770       | -             |
| Totals, Commission on Teacher Credentialing, General Obligation Bonds-K-12 | \$3,920        | \$19,160      | -                   | \$23,080     | \$159             | \$26,873     | \$25,095      | -                   | \$51,968          | \$158         | \$34,330     | \$21,351      | -                   | \$55,681     | \$37          |
| State Operations .....   | \$780,243      | -             | -                   | \$780,243    | -                 | \$859,376    | -             | -                   | \$859,376         | -             | \$956,877    | -             | -                   | \$956,877    | -             |
| Totals, K thru 12 Education .....  | \$22,080,127   | \$65,730      | \$155,806           | \$22,301,663 | \$3,255,658       | \$23,648,374 | \$57,492      | \$3,471,464         | \$27,177,330      | \$3,610,564   | \$25,641,541 | \$47,020      | \$35,208            | \$25,723,769 | \$3,931,634   |
| Higher Education-Community Colleges  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Bd of Governors of Calif Comm Colleges                                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....   | 9,591          | -             | 874                 | 10,465       | -                 | 10,501       | -             | 913                 | 11,414            | -             | 10,757       | -             | 928                 | 11,685       | -             |
| Local Assistance   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Apporionments for Community Colleges                                       | 1,551,181      | 1,447         | -                   | 1,552,628    | -                 | 1,724,650    | 1,155         | -                   | 1,725,805         | -             | 1,813,130    | 1,155         | -                   | 1,814,285    | -             |
| Extended Opportunity Program .....   | 62,937         | -             | -                   | 62,937       | -                 | 66,291       | -             | -                   | 66,291            | -             | 69,191       | -             | -                   | 69,191       | -             |
| Student Financial Aid Administration .....                                 | 7,189          | -             | -                   | 7,189        | -                 | 7,232        | -             | -                   | 7,232             | -             | 6,932        | -             | -                   | 6,932        | -             |
| Disabled Students .....  | 46,121         | -             | -                   | 46,121       | -                 | 52,277       | -             | -                   | 52,277            | -             | 54,565       | -             | -                   | 54,565       | -             |
| Teacher and Reading Development .....                                      | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | 10,000       | -             | -                   | 10,000       | -             |
| Improved Data Collection .....   | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | 10,600       | -             | -                   | 10,600       | -             |
| Matriculation .....  | 60,700         | -             | -                   | 60,700       | -                 | 63,934       | -             | -                   | 63,934            | -             | 66,731       | -             | -                   | 66,731       | -             |
| Support for Academic Senate .....  | 452            | -             | -                   | 452          | -                 | 452          | -             | -                   | 452               | -             | 452          | -             | -                   | 452          | -             |
| Faculty and Staff Diversity .....  | 1,859          | -             | -                   | 1,859        | -                 | 1,859        | -             | -                   | 1,859             | -             | 1,859        | -             | -                   | 1,859        | -             |
| Faculty and Staff Development .....  | 5,233          | -             | -                   | 5,233        | -                 | 5,233        | -             | -                   | 5,233             | -             | 5,233        | -             | -                   | 5,233        | -             |
| Instructional Improvement .....  | 1,630          | -             | -                   | 1,630        | -                 | 1,630        | -             | -                   | 1,630             | -             | 1,630        | -             | -                   | 1,630        | -             |
| Economic Development .....   | 29,073         | -             | -                   | 29,073       | -                 | 33,072       | -             | -                   | 33,072            | -             | 33,072       | -             | -                   | 33,072       | -             |
| Transfer Education and Articulation .....                                  | 589            | -             | -                   | 589          | -                 | 1,424        | -             | -                   | 1,424             | -             | 3,879        | -             | -                   | 3,879        | -             |
| Hazorabus Substances .....   | 8,000          | -             | -                   | 8,000        | -                 | 8,000        | -             | -                   | 8,000             | -             | 8,000        | -             | -                   | 8,000        | -             |
| Foster Parent Training Programs .....                                      | -              | -             | -                   | -            | -                 | 1,866        | -             | -                   | 1,866             | -             | 1,866        | -             | -                   | 1,866        | -             |
| Instructional Equipment .....  | 44,000         | -             | -                   | 44,000       | -                 | 44,000       | -             | -                   | 44,000            | -             | 44,000       | -             | -                   | 44,000       | -             |
| Telecommunications & Technology .....                                      | 18,000         | -             | -                   | 18,000       | -                 | 28,000       | -             | -                   | 28,000            | -             | 28,000       | -             | -                   | 28,000       | -             |
| Virtual University .....   | -              | -             | -                   | -            | -                 | 2,900        | -             | -                   | 2,900             | -             | 2,900        | -             | -                   | 2,900        | -             |
| Scheduled Maintenance .....  | 39,000         | -             | -                   | 39,000       | -                 | 39,000       | -             | -                   | 39,000            | -             | 39,000       | -             | -                   | 39,000       | -             |
| Part-Time Faculty Health Insurance .....                                   | 500            | -             | -                   | 500          | -                 | 500          | -             | -                   | 500               | -             | 500          | -             | -                   | 500          | -             |
| Fund for Student Success .....   | 11,418         | -             | -                   | 11,418       | -                 | 11,418       | -             | -                   | 11,418            | -             | 13,218       | -             | -                   | 13,218       | -             |
| Welfare Reform .....   | 60,800         | -             | -                   | 60,800       | -                 | 65,000       | -             | -                   | 65,000            | -             | 65,000       | -             | -                   | 65,000       | -             |
| Copper Mountain Campus .....   | -              | -             | -                   | -            | -                 | 1,500        | -             | -                   | 1,500             | -             | -            | -             | -                   | -            | -             |
| Rancho Santiago IDEA Institute .....                                       | -              | -             | -                   | -            | -                 | 400          | -             | -                   | 400               | -             | -            | -             | -                   | -            | -             |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|   | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Part-Time Faculty Office Hours Program.....                                     | 2,000          | -             | -                   | 2,000        | -                 | 2,000        | -             | -                   | 2,000             | -             | 2,000        | -             | -                   | 2,000        | -             |
| State-Mandated Local Programs.....  | 1,691          | -             | -                   | 1,691        | -                 | 1,691        | -             | -                   | 1,691             | -             | 1,691        | -             | -                   | 1,691        | -             |
| Totals, Local Assistance .....  | 1,952,373      | 1,447         | -                   | 1,953,820    | -                 | 2,164,329    | 1,155         | -                   | 2,165,484         | -             | 2,283,449    | 1,155         | -                   | 2,284,604    | -             |
| Capital Outlay .....  | -              | -             | 135,615             | 135,615      | -                 | -            | -             | 263,358             | 263,358           | -             | -            | -             | 153,127             | 153,127      | -             |
| Totals, Bd of Governors of Calif Comm Colleges.....                             | \$1,961,964    | \$1,447       | \$136,489           | \$2,099,900  | -                 | \$2,174,830  | \$1,155       | \$264,271           | \$2,440,256       | -             | \$2,294,206  | \$1,155       | \$154,055           | \$2,449,416  | -             |
| General Obligation Bonds-HI Ed-CC   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | \$69,040       | -             | -                   | \$69,040     | -                 | \$69,309     | -             | -                   | \$69,309          | -             | \$76,031     | -             | -                   | \$76,031     | -             |
| Refinement Costs-HI Ed-CC   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance .....  | 77,288         | -             | -                   | 77,288       | -                 | 47,809       | -             | -                   | 47,809            | -             | 79,506       | -             | -                   | 79,506       | -             |
| Totals, Higher Education-Community Colleges, Higher Education-UC, CSU and Other | \$2,108,292    | \$1,447       | \$136,489           | \$2,246,228  | -                 | \$2,291,948  | \$1,155       | \$264,271           | \$2,557,374       | -             | \$2,449,743  | \$1,155       | \$154,055           | \$2,604,953  | -             |
| Cal Postsecondary Education Commission  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | 2,823          | -             | -                   | 2,823        | 311               | 2,943        | -             | -                   | 2,943             | 319           | 2,933        | -             | -                   | 2,933        | 329           |
| Local Assistance .....  | 119            | -             | -                   | 119          | 5,488             | 119          | -             | -                   | 119               | 6,165         | 119          | -             | -                   | 119          | 6,165         |
| Totals, Cal Postsecondary Education Commission .....                            | \$2,942        | -             | -                   | \$2,942      | \$5,799           | \$3,062      | -             | -                   | \$3,062           | \$6,484       | \$3,052      | -             | -                   | \$3,052      | \$6,494       |
| University of California  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | \$2,180,350    | \$35,257      | -                   | \$2,215,607  | \$3,904,712       | \$2,519,349  | \$104,393     | -                   | \$2,623,742       | \$4,055,576   | \$2,559,337  | \$48,953      | -                   | \$2,608,290  | \$4,185,630   |
| Local Assistance .....  | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | 6,000        | -             | -                   | 6,000        | -             |
| Capital Outlay .....  | -              | -             | 172,232             | 172,232      | -                 | -            | -             | 225,006             | 225,006           | -             | -            | -             | 243,130             | 243,130      | -             |
| Totals, University of California .....  | \$2,180,350    | \$35,257      | \$172,232           | \$2,387,839  | \$3,904,712       | \$2,519,349  | \$104,393     | \$225,006           | \$2,848,748       | \$4,055,576   | \$2,565,337  | \$48,953      | \$243,130           | \$2,857,420  | \$4,185,630   |
| Hastings College of Law   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | \$12,274       | -             | -                   | \$12,274     | -                 | \$13,244     | -             | -                   | \$13,244          | -             | \$14,434     | -             | -                   | \$14,434     | -             |
| Capital Outlay .....  | -              | -             | 7,991               | 7,991        | -                 | -            | -             | 400                 | 400               | -             | -            | -             | -                   | -            | -             |
| Totals, Hastings College of Law .....   | \$12,274       | -             | \$7,991             | \$20,265     | -                 | \$13,244     | -             | \$400               | \$13,644          | -             | \$14,434     | -             | -                   | \$14,434     | -             |
| California State University   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | \$1,872,391    | \$639,285     | -                   | \$2,511,676  | \$390,836         | \$2,127,597  | \$632,795     | -                   | \$2,760,392       | \$398,250     | \$2,138,388  | \$652,217     | -                   | \$2,790,605  | \$398,250     |
| Capital Outlay .....  | -              | -             | 155,238             | 155,238      | -                 | 15,678       | -             | 194,641             | 210,319           | -             | -            | -             | 209,481             | 209,481      | -             |
| Totals, California State University .....                                       | \$1,872,391    | \$639,285     | \$155,238           | \$2,666,914  | \$390,836         | \$2,143,275  | \$632,795     | \$194,641           | \$2,970,711       | \$398,250     | \$2,138,388  | \$652,217     | \$209,481           | \$3,000,086  | \$398,250     |
| Council for Private Postsecn & Voc Educ   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | -              | \$911         | -                   | \$911        | \$343             | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Student Aid Commission  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | 12,971         | -             | -                   | 12,971       | -                 | 8,788        | -             | -                   | 8,788             | -             | 7,946        | -             | -                   | 7,946        | -             |
| Local Assistance .....  | 282,228        | -             | -                   | 282,228      | 8,136             | 343,280      | -             | -                   | 343,280           | 4,224         | 378,419      | -             | -                   | 378,419      | 3,924         |
| Totals, Student Aid Commission .....  | \$295,199      | -             | -                   | \$295,199    | \$8,136           | \$352,068    | -             | -                   | \$352,068         | \$4,224       | \$386,365    | -             | -                   | \$386,365    | \$3,924       |
| General Obligation Bonds-HI Ed  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations .....  | \$153,098      | -             | -                   | \$153,098    | -                 | \$153,694    | -             | -                   | \$153,694         | -             | \$168,600    | -             | -                   | \$168,600    | -             |
| Totals, Higher Education-UC, CSU and Other .....                                | \$4,516,254    | \$675,453     | \$335,461           | \$5,527,168  | \$4,309,826       | \$5,184,692  | \$737,188     | \$420,047           | \$6,341,927       | \$4,464,534   | \$5,276,176  | \$701,170     | \$452,611           | \$6,429,957  | \$4,594,298   |
| TOTALS, EDUCATION .....   | \$28,704,673   | \$742,630     | \$627,756           | \$30,075,059 | \$7,565,484       | \$31,125,014 | \$795,835     | \$4,155,782         | \$36,076,631      | \$8,075,098   | \$33,367,460 | \$749,345     | \$641,874           | \$34,758,679 | \$8,525,932   |
| State Operations.....   | 5,193,762      | 698,692       | 1,082               | 5,893,536    | 4,380,163         | 5,870,127    | 766,553       | 1,121               | 6,637,801         | 4,550,073     | 6,048,078    | 726,313       | 1,136               | 6,775,527    | 4,680,193     |
| Local Assistance .....  | 23,510,911     | 43,938        | 155,598             | 23,710,447   | 3,185,321         | 25,239,179   | 29,282        | 3,471,256           | 28,739,717        | 3,525,025     | 27,316,304   | 23,032        | 35,000              | 27,376,336   | 3,845,739     |
| Capital Outlay .....  | -              | -             | 471,076             | 471,076      | -                 | 15,708       | -             | 683,405             | 699,113           | -             | 1,078        | -             | 605,738             | 606,816      | -             |

## SCHEDULE 9—Continued

Estimated 1999-00



**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

Estimated 1999-00

Estimated 1998-99

Actual 1997-98

|  | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
|--|--------------|---------------|---------------------|--------------|---------------|--------------|---------------|---------------------|--------------|---------------|--------------|---------------|---------------------|--------------|---------------|
| Local Assistance                           | 5,397        | 50,412        | -                   | 55,809       | -             | 10,398       | 46,578        | -                   | 56,976       | -             | 10,398       | 46,544        | -                   | 56,942       | -             |
| Capitol Outlay                             | -            | -             | -                   | -            | -             | 676          | -             | -                   | 676          | -             | 1,074        | -             | -                   | 1,074        | -             |
| Totals, Department of Food and Agriculture | \$63,408     | \$112,529     | -                   | \$175,937    | \$2,989       | \$71,977     | \$112,532     | -                   | \$184,509    | \$4,158       | \$71,547     | \$114,510     | -                   | \$186,057    | \$3,892       |
| Fair Political Practices Commission        | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | \$5,810      | -             | -                   | \$5,810      | -             | \$5,110      | -             | -                   | \$5,110      | -             | \$5,103      | -             | -                   | \$5,103      | -             |
| Political Reform Act of 1974               | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | 2,157        | -             | -                   | 2,157        | -             |
| State Operations                           | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| Public Utilities Commission                | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| Board of Control                           | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| Local Assistance                           | 837          | 85,295        | -                   | 86,132       | 13,711        | 1,127        | 83,316        | -                   | 84,443       | 18,680        | 902          | 102,195       | -                   | 103,097      | 21,245        |
| Totals, Board of Control                   | \$837        | \$85,295      | -                   | \$86,132     | \$13,711      | \$3,134      | \$83,317      | -                   | \$86,451     | \$18,680      | \$902        | \$102,195     | -                   | \$103,097    | \$21,245      |
| Comm Local Governance for 21st Century     | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | \$19         | -             | -                   | \$19         | -             | \$453        | -             | -                   | \$453        | -             | \$452        | -             | -                   | \$452        | -             |
| Electricity Oversight Board                | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | -            | -             | -                   | -            | -             | -            | 1,234         | -                   | 1,234        | -             | -            | 1,235         | -                   | 1,235        | -             |
| Milton Marks "Little Hoover" Commission    | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 697          | -             | -                   | 697          | -             | 689          | -             | -                   | 689          | -             | 690          | -             | -                   | 690          | -             |
| Membership in Interstate Organizations     | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 1,533        | -             | -                   | 1,533        | -             | 2,807        | -             | -                   | 2,807        | -             | 1,693        | -             | -                   | 1,693        | -             |
| Commission on the Status of Women          | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 409          | -             | -                   | 409          | -             | 416          | -             | -                   | 416          | -             | 418          | -             | -                   | 418          | -             |
| California Law Revision Commission         | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 596          | -             | -                   | 596          | -             | 588          | -             | -                   | 588          | -             | 598          | -             | -                   | 598          | -             |
| Commission on Uniform State Laws           | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 117          | -             | -                   | 117          | -             | 126          | -             | -                   | 126          | -             | 134          | -             | -                   | 134          | -             |
| Bureau of State Audits                     | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 9,615        | 154           | -                   | 9,769        | -             | 10,755       | -             | -                   | 10,755       | -             | 10,776       | -             | -                   | 10,776       | -             |
| Department of Finance                      | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 22,010       | -             | -                   | 22,010       | -             | 22,876       | -             | -                   | 22,876       | -             | 22,946       | -             | -                   | 22,946       | -             |
| Commission on State Mandates               | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 977          | -             | -                   | 977          | -             | 1,204        | -             | -                   | 1,204        | -             | 1,198        | -             | -                   | 1,198        | -             |
| Office of Administrative Law               | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 2,011        | -             | -                   | 2,011        | -             | 1,973        | -             | -                   | 1,973        | -             | 2,216        | -             | -                   | 2,216        | -             |
| Military Department                        | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | 19,827       | 38            | -                   | 19,865       | 29,389        | 23,003       | 150           | -                   | 23,153       | 33,912        | 24,229       | 150           | -                   | 24,379       | 33,793        |
| Capital Outlay                             | 5,405        | -             | -                   | 5,405        | 40,085        | 11,980       | -             | -                   | 11,980       | 11,896        | 7,988        | -             | -                   | 7,988        | 64,779        |
| Unclassified                               | -            | -             | -                   | -            | 372,398       | -            | -             | -                   | -            | 403,361       | -            | -             | -                   | -            | 399,640       |
| Totals, Military Department                | \$25,232     | \$38          | -                   | \$25,270     | \$441,872     | \$34,983     | \$150         | -                   | \$35,133     | \$449,169     | \$32,217     | \$150         | -                   | \$32,367     | \$498,212     |
| Department of Veterans Affairs             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             | -            | -             | -                   | -            | -             |
| State Operations                           | \$1,959      | \$25          | -                   | \$1,984      | -             | \$2,654      | \$25          | -                   | \$2,679      | -             | \$1,831      | \$25          | -                   | \$1,856      | -             |
| Local Assistance                           | 1,600        | 196           | -                   | 1,796        | -             | 2,100        | 196           | -                   | 2,296        | -             | 2,100        | 196           | -                   | 2,296        | -             |
| Totals, Department of Veterans Affairs     | \$3,559      | \$221         | -                   | \$3,780      | -             | \$4,754      | \$221         | -                   | \$4,975      | -             | \$3,931      | \$221         | -                   | \$4,152      | -             |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars In Thousands)**

|  | Actual 1997-98 |               |                     | Estimated 1998-99 |               |              | Estimated 1999-00 |                     |              |              |               |                     |
|--|----------------|---------------|---------------------|-------------------|---------------|--------------|-------------------|---------------------|--------------|--------------|---------------|---------------------|
|  | General Fund   | Special Funds | Selected Band Funds | Budget Total      | Federal Funds | General Fund | Special Funds     | Selected Band Funds | Budget Total | General Fund | Special Funds | Selected Band Funds |
| Veteran's Home of California-Yountville              |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| State Operations.....                                | \$24,212       | -             | -                   | \$24,212          | \$9,712       | \$29,425     | -                 | -                   | \$29,425     | \$24,780     | -             | -                   |
| Capital Outlay.....                                  | 164            | -             | -                   | 164               | 446           | 4,744        | -                 | -                   | 4,744        | 900          | -             | -                   |
| Totals, Veteran's Home of California-Yountville..... | \$24,376       | -             | -                   | \$24,376          | \$10,158      | \$34,169     | -                 | -                   | \$34,169     | \$25,680     | -             | -                   |
| Veterans' Home of California--Borsto                 |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| State Operations.....                                | \$9,836        | -             | -                   | \$9,836           | \$3,267       | \$9,988      | -                 | -                   | \$9,988      | \$10,175     | -             | -                   |
| Capital Outlay.....                                  | -              | -             | -                   | -                 | 34            | -            | -                 | -                   | -            | -            | -             | -                   |
| Totals, Veterans' Home of California--Borsto         | \$9,836        | -             | -                   | \$9,836           | \$3,301       | \$9,988      | -                 | -                   | \$9,988      | \$10,175     | -             | -                   |
| Veterans' Home of Calif--Chula Vista                 |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| State Operations.....                                | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | \$13,649     | -             | -                   |
| Capital Outlay.....                                  | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | -            | -             | -                   |
| Totals, Veterans' Home of Calif--Chula Vista         | -              | -             | -                   | -                 | -             | -            | -                 | -                   | -            | \$13,649     | -             | -                   |
| Totals, Department of Veterans Affairs.....          | \$37,771       | \$221         | -                   | \$37,992          | \$13,459      | \$48,911     | \$221             | -                   | \$49,132     | \$53,435     | \$221         | -                   |
| Veterans Memorial Commission                         | \$380          | \$595         | -                   | \$975             | -             | -            | -                 | -                   | -            | -            | -             | -                   |
| General Obligation Bonds-Gen Govt                    | 5,203          | -             | -                   | 5,203             | -             | 6,933        | -                 | -                   | 6,933        | 11,627       | -             | -                   |
| State Operations .....                               | \$399,405      | \$373,752     | -                   | \$773,157         | \$625,157     | \$508,756    | \$390,453         | -                   | \$899,209    | \$467,997    | \$412,050     | -                   |
| Totals, General Administration .....                 |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Tax Relief   |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Local Assistance                                     |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Senior Citizens Property Tax Assistance.....         | 1,432          | -             | -                   | 1,432             | -             | 2,100        | -                 | -                   | 2,100        | 6,265        | -             | -                   |
| Senior Citizens Property Tax Deferral .....          | 16,500         | -             | -                   | 16,500            | -             | 16,500       | -                 | -                   | 16,500       | 17,000       | -             | -                   |
| Senior Citizens Renters Tax Assistance.....          | 12,420         | -             | -                   | 12,420            | -             | 14,500       | -                 | -                   | 14,500       | 77,350       | -             | -                   |
| Homeowners' Property Tax Relief.....                 | 387,048        | -             | -                   | 387,048           | -             | 394,812      | -                 | -                   | 394,812      | 400,734      | -             | -                   |
| Subventions for Open Space .....                     | 34,939         | -             | -                   | 34,939            | -             | 36,500       | -                 | -                   | 36,500       | 36,500       | -             | -                   |
| Renters' Tax Relief.....                             | 680            | -             | -                   | 680               | -             | -            | -                 | -                   | -            | -            | -             | -                   |
| Substandard Housing .....                            | 370            | -             | -                   | 370               | -             | 14           | -                 | -                   | 14           | 44           | -             | -                   |
| Vehicle License Fee Offset .....                     | -              | -             | -                   | -                 | -             | 556,766      | -                 | -                   | 556,766      | 1,079,555    | -             | -                   |
| State-Mandated Local Programs.....                   | 608            | -             | -                   | 608               | -             | 1,283        | -                 | -                   | 1,283        | 1,001        | -             | -                   |
| Totals, Local Assistance .....                       | 453,997        | -             | -                   | 453,997           | -             | 1,022,475    | -                 | -                   | 1,022,475    | 1,618,449    | -             | -                   |
| Totals, Tax Relief .....                             | \$453,997      | -             | -                   | \$453,997         | -             | \$1,022,475  | -                 | -                   | \$1,022,475  | \$1,618,449  | -             | -                   |
| Local Government Subventions                         |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Local Government Financing                           | 165,190        | -             | 290                 | 165,480           | -             | 176,883      | -                 | -                   | 176,883      | 111,148      | -             | -                   |
| Local Assistance .....                               |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Shared Revenue                                       |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Apptmmt-Off-Highway License Fees                     |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Local Assistance.....                                | -              | 828           | -                   | 828               | -             | -            | 850               | -                   | 850          | -            | 850           | -                   |
| Apptmmt-Fed Rcpts Flood Cont'l Lands                 |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Local Assistance.....                                | -              | -             | -                   | -                 | 185           | -            | -                 | -                   | -            | -            | -             | -                   |
| Apptmmt-Fed Receipts-Forest Reserves                 |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Local Assistance.....                                | -              | -             | -                   | -                 | 33,977        | -            | -                 | -                   | -            | -            | -             | -                   |
| Apptmmt-Fed Receipts-Grazing Land                    |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Local Assistance.....                                | -              | -             | -                   | -                 | 73            | -            | -                 | -                   | -            | -            | -             | -                   |
| Apptmmt-Fed Potash Lease Rentals                     |                |               |                     |                   |               |              |                   |                     |              |              |               |                     |
| Local Assistance.....                                | -              | -             | -                   | -                 | 1,621         | -            | -                 | -                   | -            | -            | -             | -                   |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|   | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Apprhmnt-Motor Vehicle License Fees       | -              | 2,697,594     | -                   | 2,697,594    | -                 | -            | 2,445,974     | -                   | 2,445,974         | -             | -            | 2,220,280     | -                   | 2,220,280    | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Apprhmnt-Tideland Revenues                | 226            | -             | -                   | 226          | -                 | 250          | -             | -                   | 250               | -             | 250          | -             | -                   | 250          | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Apprhmnt-MV Fuel Tax-County Roads         | -              | 307,181       | -                   | 307,181      | -                 | -            | 310,772       | -                   | 310,772           | -             | -            | 317,394       | -                   | 317,394      | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Apprhmnt-MV Fuel Tax-City Streets         | -              | 220,382       | -                   | 220,382      | -                 | -            | 232,089       | -                   | 232,089           | -             | -            | 237,403       | -                   | 237,403      | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Apprhmnt-MV Fuel Tax-Ca Rds & City Sts    | -              | 137,025       | -                   | 137,025      | -                 | -            | 137,872       | -                   | 137,872           | -             | -            | 140,589       | -                   | 140,589      | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Apprhmnt-MV Fuel ta Co&Cit-St&Hwy Pulp    | -              | 318,499       | -                   | 318,499      | -                 | -            | 328,798       | -                   | 328,798           | -             | -            | 335,728       | -                   | 335,728      | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Apprhmnt-Geothermal Resources De-velop    | -              | 2,900         | -                   | 2,900        | -                 | -            | 2,933         | -                   | 2,933             | -             | -            | 2,933         | -                   | 2,933        | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Totals, Shared Revenue.....               | \$226          | \$3,684,409   | -                   | \$3,684,635  | \$35,856          | \$250        | \$3,459,288   | -                   | \$3,459,538       | \$63,900      | \$250        | \$3,255,177   | -                   | \$3,255,427  | \$63,900      |
| Totals, Local Government Subventions..... | \$165,416      | \$3,684,409   | \$290               | \$3,850,115  | \$35,856          | \$177,133    | \$3,459,288   | -                   | \$3,636,421       | \$63,900      | \$111,398    | \$3,255,177   | -                   | \$3,366,575  | \$63,900      |
| Debt Service.....                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Payment of Interest on PMIA Loans         | 8,450          | -             | -                   | 8,450        | -                 | 8,500        | -             | -                   | 8,500             | -             | 8,500        | -             | -                   | 8,500        | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Lease-Ren Notes and Bonds.....            | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | 34,234       | 1,374         | -                   | 35,608       | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Payment of Interest on Gen Fund Loans     | 106,800        | -             | -                   | 106,800      | -                 | 71,000       | -             | -                   | 71,000            | -             | 135,900      | -             | -                   | 135,900      | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Interest Payments to the Federal Govt     | -              | 333           | -                   | 333          | -                 | 3,400        | 501           | -                   | 3,901             | -             | 15,200       | 501           | -                   | 15,701       | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Totals, Debt Service.....                 | \$115,250      | \$333         | -                   | \$115,583    | -                 | \$82,900     | \$501         | -                   | \$83,401          | -             | \$193,834    | \$1,875       | -                   | \$195,709    | -             |
| Statewide Expenditures.....               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Health & Dental Benefits for Annuitants   | 280,880        | -             | -                   | 280,880      | -                 | 317,685      | -             | -                   | 317,685           | -             | 347,322      | -             | -                   | 347,322      | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Eqty Clm 8d Central, Slmnts by Justice    | 22,394         | 1,381         | 112                 | 23,887       | 22                | 8,247        | 798           | 13                  | 9,058             | 9             | 1,201        | -             | -                   | 1,201        | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Augmentation for Contingencies or Emerg   | -              | -             | -                   | -            | -                 | 2,000        | 1,500         | -                   | 3,500             | -             | 2,000        | 1,500         | -                   | 3,500        | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Unallocated Capital Outlay                | 50             | -             | -                   | 50           | -                 | 744          | -             | -                   | 744               | -             | 1,000        | -             | -                   | 1,000        | -             |
| Capital Outlay.....                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Reserve of Liquidation for Encumbrances   | -35,000        | -             | -                   | -35,000      | -                 | -            | -             | -                   | -                 | -             | -            | -             | -                   | -            | -             |
| Unclassified.....                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Statewide Proposition 98 Reconciliation   | -7,457         | -             | -                   | -7,457       | -                 | -81,963      | -             | -                   | -81,963           | -             | -292,395     | -             | -                   | -292,395     | -             |
| Local Assistance.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| PERS General Fund Payment                 | 1,059,968      | -             | -                   | 1,059,968    | -                 | 500,918      | -             | -                   | 500,918           | -             | 105,334      | -             | -                   | 105,334      | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Statewide Gen. Adm Exp (Pia Rata)         | -128,465       | 2,780         | -                   | -125,685     | -                 | -146,620     | 2,564         | -                   | -144,056          | -             | -176,312     | 5,133         | -                   | -171,179     | -             |
| State Operations.....                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |



**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|  | Actual 1997-98 |               |                     |              | Estimated 1998-99 |              |               |                     | Estimated 1999-00 |               |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds |
| Various Departments                            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |
| State Operations                               | -              | -             | -                   | -            | -                 | 1,872        | -             | -                   | 1,872             | -             | -            | -             |
| Local Assistance                               | -              | 4,442         | -                   | 4,442        | -                 | 4,122        | 4,877         | -                   | 8,999             | -             | -            | 5,702         |
| Totals, Various Departments                    | -              | \$4,442       | -                   | \$4,442      | -                 | \$5,994      | \$4,877       | -                   | \$10,871          | -             | -            | \$5,702       |
| Alternative Procurements for Info Tech         | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | \$1,530      | \$5,000       | -                   | \$6,530           | -             | -            | -             |
| Information Technology Century Change          | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | 10,000       | 8,000         | -                   | 18,000            | -             | -            | -             |
| Totals, Statewide Expenditures                 | \$1,192,370    | \$8,603       | \$112               | \$1,201,085  | \$22              | \$618,535    | \$22,739      | \$13                | \$641,287         | \$9           | -\$11,850    | \$12,335      |
| Augmentation for Employee Compensation         | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Augmentation for Employee Compensation         | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | 10,700       | 8,700         | -                   | 19,400            | -             | 164,200      | 97,100        |
| Totals, Augmentation for Employee Compensation | -              | -             | -                   | -            | -                 | \$10,700     | \$8,700       | -                   | \$19,400          | -             | \$164,200    | \$97,100      |
| Statewide Savings                              | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| General Fund Credits from Federal Funds        | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -35,229        | -             | -                   | -35,229      | -                 | -33,077      | -             | -                   | -33,077           | -             | -41,792      | -             |
| PERS Deferral                                  | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | -105,334     | -             | -                   | -105,334          | -             | -105,334     | -             |
| PERS Surplus Asset Savings                     | -              | -             | -                   | -            | -                 | 0-           | 38,863        | -                   | -38,863           | -             | -            | -             |
| State Operations                               | -13,871        | -             | -                   | -13,871      | -                 | -40,000      | -             | -                   | -40,000           | -             | -80,000      | -             |
| Estimated Unidentifiable Savings               | -              | -             | -                   | -            | -                 | -60,000      | -             | -                   | -60,000           | -             | -120,000     | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | -100,000     | -             | -                   | -100,000          | -             | -200,000     | -             |
| Local Assistance                               | -              | -             | -                   | -            | -                 | -238,411     | \$38,863      | -                   | -\$277,274        | -             | -\$347,126   | -             |
| Totals, Estimated Unidentifiable Savings       | -\$49,100      | -             | -                   | -\$49,100    | -                 | -\$238,411   | \$38,863      | -                   | -\$277,274        | -             | -\$347,126   | -             |
| Totals, Statewide Savings                      | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Adjustment to Reconcile to Controller          | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Adjustment to Reconcile to Controller          | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Unclassified                                   | 1,530          | -             | -                   | 1,530        | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Totals, Adjustment to Reconcile to Controller  | 1,530          | -             | -                   | 1,530        | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| TOTALS, GENERAL GOVERNMENT                     | \$2,278,868    | \$4,067,097   | \$402               | \$6,346,367  | \$661,035         | \$2,182,088  | \$3,842,818   | \$13                | \$6,024,919       | \$762,801     | \$2,196,902  | \$3,778,537   |
| State Operations                               | 1,635,491      | 294,251       | 112                 | 1,929,854    | 90,818            | 996,844      | 289,265       | 13                  | 1,286,122         | 105,459       | 786,620      | 425,695       |
| Local Assistance                               | 671,228        | 3,772,846     | 290                 | 4,444,364    | 157,254           | 1,167,100    | 3,553,553     | -                   | 4,720,653         | 220,035       | 1,399,320    | 3,352,842     |
| Capital Outlay                                 | 5,619          | -             | -                   | 5,619        | 40,565            | 18,144       | -             | -                   | 18,144            | 33,946        | 10,962       | -             |
| Unclassified                                   | -33,470        | -             | -                   | -33,470      | 372,398           | -            | -             | -                   | -                 | 403,361       | -            | -             |
| GRAND TOTAL                                    | 52,874,377     | 14,201,814    | 1,451,903           | 68,528,094   | 31,648,692        | 58,270,649   | 14,930,402    | 5,062,237           | 78,263,288        | 35,861,980    | 60,474,709   | 15,741,326    |
| State Operations                               | 36,563,923     | 6,593,798     | 501,382             | 43,659,103   | 26,164,707        | 41,778,308   | 6,874,567     | 800,567             | 49,453,887        | 30,036,887    | 42,834,446   | 6,918,193     |
| Local Assistance                               | 11,280,097     | 5,493,928     | 41,310              | 16,815,335   | 2,155,693         | 12,534,573   | 5,645,445     | 48,299              | 18,228,317        | 2,483,965     | 13,030,450   | 5,941,379     |
| Capital Outlay                                 | 25,296,882     | 860,340       | 38,068              | 26,195,290   | 23,171,651        | 29,003,992   | 866,187       | 55,127              | 29,925,306        | 26,407,049    | 29,609,116   | 688,404       |
| Unclassified                                   | 21,944         | 239,530       | 422,004             | 683,478      | 837,363           | 239,743      | 362,935       | 697,141             | 1,299,819         | 1,145,873     | 194,880      | 288,410       |
| BUDGET ACT TOTALS                              | -35,000        | -             | -                   | -35,000      | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Local Assistance                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Capital Outlay                                 | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Unclassified                                   | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| TOTALS, GENERAL GOVERNMENT                     | \$2,278,868    | \$4,067,097   | \$402               | \$6,346,367  | \$661,035         | \$2,182,088  | \$3,842,818   | \$13                | \$6,024,919       | \$762,801     | \$2,196,902  | \$3,778,537   |
| State Operations                               | 1,635,491      | 294,251       | 112                 | 1,929,854    | 90,818            | 996,844      | 289,265       | 13                  | 1,286,122         | 105,459       | 786,620      | 425,695       |
| Local Assistance                               | 671,228        | 3,772,846     | 290                 | 4,444,364    | 157,254           | 1,167,100    | 3,553,553     | -                   | 4,720,653         | 220,035       | 1,399,320    | 3,352,842     |
| Capital Outlay                                 | 5,619          | -             | -                   | 5,619        | 40,565            | 18,144       | -             | -                   | 18,144            | 33,946        | 10,962       | -             |
| Unclassified                                   | -33,470        | -             | -                   | -33,470      | 372,398           | -            | -             | -                   | -                 | 403,361       | -            | -             |
| GRAND TOTAL                                    | 52,874,377     | 14,201,814    | 1,451,903           | 68,528,094   | 31,648,692        | 58,270,649   | 14,930,402    | 5,062,237           | 78,263,288        | 35,861,980    | 60,474,709   | 15,741,326    |
| State Operations                               | 36,563,923     | 6,593,798     | 501,382             | 43,659,103   | 26,164,707        | 41,778,308   | 6,874,567     | 800,567             | 49,453,887        | 30,036,887    | 42,834,446   | 6,918,193     |
| Local Assistance                               | 11,280,097     | 5,493,928     | 41,310              | 16,815,335   | 2,155,693         | 12,534,573   | 5,645,445     | 48,299              | 18,228,317        | 2,483,965     | 13,030,450   | 5,941,379     |
| Capital Outlay                                 | 25,296,882     | 860,340       | 38,068              | 26,195,290   | 23,171,651        | 29,003,992   | 866,187       | 55,127              | 29,925,306        | 26,407,049    | 29,609,116   | 688,404       |
| Unclassified                                   | 21,944         | 239,530       | 422,004             | 683,478      | 837,363           | 239,743      | 362,935       | 697,141             | 1,299,819         | 1,145,873     | 194,880      | 288,410       |
| BUDGET ACT TOTALS                              | -35,000        | -             | -                   | -35,000      | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Local Assistance                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Capital Outlay                                 | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Unclassified                                   | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| TOTALS, GENERAL GOVERNMENT                     | \$2,278,868    | \$4,067,097   | \$402               | \$6,346,367  | \$661,035         | \$2,182,088  | \$3,842,818   | \$13                | \$6,024,919       | \$762,801     | \$2,196,902  | \$3,778,537   |
| State Operations                               | 1,635,491      | 294,251       | 112                 | 1,929,854    | 90,818            | 996,844      | 289,265       | 13                  | 1,286,122         | 105,459       | 786,620      | 425,695       |
| Local Assistance                               | 671,228        | 3,772,846     | 290                 | 4,444,364    | 157,254           | 1,167,100    | 3,553,553     | -                   | 4,720,653         | 220,035       | 1,399,320    | 3,352,842     |
| Capital Outlay                                 | 5,619          | -             | -                   | 5,619        | 40,565            | 18,144       | -             | -                   | 18,144            | 33,946        | 10,962       | -             |
| Unclassified                                   | -33,470        | -             | -                   | -33,470      | 372,398           | -            | -             | -                   | -                 | 403,361       | -            | -             |
| GRAND TOTAL                                    | 52,874,377     | 14,201,814    | 1,451,903           | 68,528,094   | 31,648,692        | 58,270,649   | 14,930,402    | 5,062,237           | 78,263,288        | 35,861,980    | 60,474,709   | 15,741,326    |
| State Operations                               | 36,563,923     | 6,593,798     | 501,382             | 43,659,103   | 26,164,707        | 41,778,308   | 6,874,567     | 800,567             | 49,453,887        | 30,036,887    | 42,834,446   | 6,918,193     |
| Local Assistance                               | 11,280,097     | 5,493,928     | 41,310              | 16,815,335   | 2,155,693         | 12,534,573   | 5,645,445     | 48,299              | 18,228,317        | 2,483,965     | 13,030,450   | 5,941,379     |
| Capital Outlay                                 | 25,296,882     | 860,340       | 38,068              | 26,195,290   | 23,171,651        | 29,003,992   | 866,187       | 55,127              | 29,925,306        | 26,407,049    | 29,609,116   | 688,404       |
| Unclassified                                   | 21,944         | 239,530       | 422,004             | 683,478      | 837,363           | 239,743      | 362,935       | 697,141             | 1,299,819         | 1,145,873     | 194,880      | 288,410       |
| BUDGET ACT TOTALS                              | -35,000        | -             | -                   | -35,000      | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Local Assistance                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Capital Outlay                                 | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Unclassified                                   | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| TOTALS, GENERAL GOVERNMENT                     | \$2,278,868    | \$4,067,097   | \$402               | \$6,346,367  | \$661,035         | \$2,182,088  | \$3,842,818   | \$13                | \$6,024,919       | \$762,801     | \$2,196,902  | \$3,778,537   |
| State Operations                               | 1,635,491      | 294,251       | 112                 | 1,929,854    | 90,818            | 996,844      | 289,265       | 13                  | 1,286,122         | 105,459       | 786,620      | 425,695       |
| Local Assistance                               | 671,228        | 3,772,846     | 290                 | 4,444,364    | 157,254           | 1,167,100    | 3,553,553     | -                   | 4,720,653         | 220,035       | 1,399,320    | 3,352,842     |
| Capital Outlay                                 | 5,619          | -             | -                   | 5,619        | 40,565            | 18,144       | -             | -                   | 18,144            | 33,946        | 10,962       | -             |
| Unclassified                                   | -33,470        | -             | -                   | -33,470      | 372,398           | -            | -             | -                   | -                 | 403,361       | -            | -             |
| GRAND TOTAL                                    | 52,874,377     | 14,201,814    | 1,451,903           | 68,528,094   | 31,648,692        | 58,270,649   | 14,930,402    | 5,062,237           | 78,263,288        | 35,861,980    | 60,474,709   | 15,741,326    |
| State Operations                               | 36,563,923     | 6,593,798     | 501,382             | 43,659,103   | 26,164,707        | 41,778,308   | 6,874,567     | 800,567             | 49,453,887        | 30,036,887    | 42,834,446   | 6,918,193     |
| Local Assistance                               | 11,280,097     | 5,493,928     | 41,310              | 16,815,335   | 2,155,693         | 12,534,573   | 5,645,445     | 48,299              | 18,228,317        | 2,483,965     | 13,030,450   | 5,941,379     |
| Capital Outlay                                 | 25,296,882     | 860,340       | 38,068              | 26,195,290   | 23,171,651        | 29,003,992   | 866,187       | 55,127              | 29,925,306        | 26,407,049    | 29,609,116   | 688,404       |
| Unclassified                                   | 21,944         | 239,530       | 422,004             | 683,478      | 837,363           | 239,743      | 362,935       | 697,141             | 1,299,819         | 1,145,873     | 194,880      | 288,410       |
| BUDGET ACT TOTALS                              | -35,000        | -             | -                   | -35,000      | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| State Operations                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Local Assistance                               | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Capital Outlay                                 | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| Unclassified                                   | -              | -             | -                   | -            | -                 | -            | -             | -                   | -                 | -             | -            | -             |
| TOTALS, GENERAL GOVERNMENT                     | \$2,278,868    | \$4,067,097   | \$402               | \$6,346,367  | \$661,035         | \$2,182,088  | \$3,842,818   | \$13                | \$6,024,919       | \$762,801     | \$2,196,902  | \$3,778,537   |
| State Operations                               | 1,635,491      | 294,251       | 112                 | 1,929,854    | 90,818            | 996,844      | 289,265       | 13                  | 1,286,122         | 105,459       | 786,620      | 425,695       |
| Local Assistance                               | 671,228        | 3,772,846     | 290                 | 4,444,364    | 157,254           | 1,167,100    | 3,553,553     | -                   | 4,720,653         | 220,035       | 1,399,320    | 3,352,842     |
| Capital Outlay                                 | 5,619          | -             | -                   | 5,619        | 40,565            | 18,144       | -             | -                   | 18,144            | 33,946        | 10,962       | -             |
| Unclassified                                   | -33,470        | -             | -                   | -33,470      | 372,398           | -            | -             | -                   | -                 | 403,361       | -            | -             |
| GRAND TOTAL                                    | 52,874,377     | 14,201,814    | 1,451,903           | 68,528,094   | 31,648,692        | 58,270,649   | 14,930,402    | 5,062,237           | 78,263,288        | 35,861,980    | 60,474,709   | 15,741,326    |
| State Operations                               | 36,563,923     | 6,593,798     | 501,382             | 43,659,103   | 26,164,707        | 41,778,308   | 6,874,567     | 800,567             | 49,453,887        | 30,036,887    | 42,834,446   | 6,918,193     |
| Local Assistance                               | 11,280,097     | 5,493,928     | 41,310              | 16,815,335   | 2,155,693         | 12,534,573   | 5,645,445     | 48,299              | 18,228,317        | 2,483,965     | 13,030,450   | 5,941,379     |
| Capital Outlay                                 | 25,296,882     | 860,340       | 38,068              | 26,195,290   | 23,171,651        | 29,003,992   | 866,187       | 55,127              | 29,925,306        | 26,407,049    | 29,609,116   | 688,404       |
| Unclassified                                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |

**SCHEDULE 9—Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES BY ORGANIZATION UNIT, CHARACTER, FUNCTION AND FUND**  
**FISCAL YEARS 1997-98, 1998-99, AND 1999-00**  
**(Dollars in Thousands)**

|                                    | Actual 1997-98 |               |                     |              |               | Estimated 1998-99 |               |                     |              |               | Estimated 1999-00 |               |                     |              |               |
|------------------------------------|----------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|-------------------|---------------|---------------------|--------------|---------------|
|                                    | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Bond Funds | Budget Total | Federal Funds | General Fund      | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| STATUTORY APPROPRIATIONS.....      | 12,524,602     | 7,183,743     | 854,825             | 20,563,170   | 103,231       | 13,277,023        | 7,608,272     | 4,058,587           | 24,943,882   | 111,036       | 14,779,630        | 7,979,444     | 595,124             | 23,354,198   | 93,958        |
| State Operations.....              | -55,943        | 568,569       | 145,871             | 658,497      | 4,264         | -114,332          | 812,259       | 157,916             | 855,843      | 11,484        | -102,857          | 856,326       | 79,619              | 833,088      | 3,958         |
| Local Assistance .....             | 12,580,545     | 6,581,024     | 279,076             | 19,440,645   | 98,933        | 13,378,788        | 6,752,124     | 3,780,793           | 23,911,705   | 77,502        | 14,882,487        | 6,771,922     | 337,831             | 21,992,240   | 90,000        |
| Capital Outlay .....               | -              | 4,381         | 429,878             | 434,259      | 34            | 12,567            | 13,574        | 119,878             | 146,019      | 22,050        | -                 | 319,920       | 177,674             | 497,594      | -             |
| Unclassified .....                 | -              | 29,769        | -                   | 29,769       | -             | -                 | 30,315        | -                   | 30,315       | -             | -                 | 31,276        | -                   | 31,276       | -             |
| CONSTITUTIONAL APPROPRIATIONS..... | 1,865,405      | -             | -                   | 1,865,405    | -             | 1,925,968         | -             | -                   | 1,925,968    | -             | 2,110,292         | -             | -                   | 2,110,292    | -             |
| State Operations.....              | 1,865,405      | -             | -                   | 1,865,405    | -             | 1,925,968         | -             | -                   | 1,925,968    | -             | 2,110,292         | -             | -                   | 2,110,292    | -             |
| OTHER APPROPRIATIONS.....          | 1,920,447      | 424,273       | 95,696              | 2,440,416    | 5,380,754     | 1,289,350         | 447,563       | 203,083             | 1,939,996    | 5,714,057     | 750,341           | 843,689       | 26,031              | 1,620,061    | 5,796,886     |
| State Operations.....              | 914,438        | 14,433        | 2,449               | 931,320      | 4,541,697     | 261,325           | 74,306        | 4,089               | 339,720      | 4,629,414     | -330,440          | 418           | 2,024               | -327,998     | 4,843,440     |
| Local Assistance .....             | 970,116        | 227,216       | 21,277              | 1,218,609    | 242,380       | 837,997           | 293,708       | 21,993              | 1,153,698    | 357,357       | 988,649           | 407,522       | 1,064               | 1,397,235    | 489,063       |
| Capital Outlay .....               | 34,363         | 182,624       | 71,970              | 288,957      | 224,279       | 190,028           | 79,549        | 177,001             | 446,578      | 323,925       | 92,132            | 435,749       | 22,943              | 550,824      | 64,743        |
| Unclassified .....                 | 1,530          | -             | -                   | 1,530        | 372,398       | -                 | -             | -                   | -            | 403,361       | -                 | -             | -                   | -            | 399,640       |

**SCHEDULE 10  
SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1997, 1998, 1999 AND 2000**  
(Dollars in Thousands)

| Fund   | Reserves<br>June 30, 1997 | Actual<br>Revenues<br>1997-98 | Actual<br>Expenditures<br>1997-98 | Reserves<br>June 30, 1998 | Estimated<br>Revenues<br>1998-99 | Estimated<br>Expenditures<br>1998-99 | Reserves<br>June 30, 1999 | Estimated<br>Revenues<br>1999-00 | Estimated<br>Expenditures<br>1999-00 | Reserves<br>June 30, 2000 |
|--|---------------------------|-------------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|
| <b>General Fund</b>                            | <b>976,414</b>            | <b>54,972,583</b>             | <b>52,874,378</b>                 | <b>3,074,619</b>          | <b>56,293,413</b>                | <b>58,270,646</b>                    | <b>1,097,386</b>          | <b>60,271,813</b>                | <b>60,474,710</b>                    | <b>894,489</b>            |
| <b>SPECIAL FUNDS</b>                           |                           |                               |                                   |                           |                                  |                                      |                           |                                  |                                      |                           |
| Abandoned Watercraft Abatement Fund            | -                         | -                             | -157                              | 157                       | -                                | -                                    | 157                       | -                                | -                                    | 157                       |
| Access for Handicapped Account                 | 1,855                     | 2,845                         | 1,777                             | 2,923                     | 2,602                            | 1,986                                | 3,539                     | 2,602                            | 2,130                                | 4,011                     |
| Accountancy Fund                               | 11,048                    | 5,728                         | 8,869                             | 7,907                     | 9,958                            | 9,429                                | 8,436                     | 4,726                            | 9,205                                | 3,957                     |
| Acupuncture Fund                               | 1,695                     | 948                           | 1,201                             | 1,442                     | 1,855                            | 1,425                                | 1,872                     | 1,274                            | 1,663                                | 1,483                     |
| Administration Acct. Child & Fam 1st           | -                         | -                             | -                                 | -                         | 3,724                            | 3,724                                | -                         | 6,715                            | 6,715                                | -                         |
| Aeronautics Account SF                         | 3,392                     | 8,063                         | 6,638                             | 4,817                     | 8,027                            | 9,778                                | 3,066                     | 8,152                            | 6,970                                | 4,248                     |
| Agricultural Export Promotion Acct. CA         | 49                        | 239                           | 282                               | 6                         | 304                              | 300                                  | 10                        | 304                              | 300                                  | 14                        |
| Agricultural Pest Control Research Acct        | 55                        | 3                             | -                                 | 58                        | 3                                | -                                    | 61                        | 3                                | -                                    | 64                        |
| Agriculture Acct. AG Fund                      | 31,071                    | 82,730                        | 81,679                            | 32,122                    | 80,977                           | 84,543                               | 28,556                    | 84,138                           | 85,671                               | 27,023                    |
| Air Pollution Control Fund                     | 3,408                     | 10,097                        | 10,333                            | 3,172                     | 9,311                            | 9,391                                | 3,092                     | 9,805                            | 9,805                                | 2,598                     |
| Air Toxics Inventory and Assessment Acct.      | -1                        | 1,360                         | 1,350                             | 9                         | 1,494                            | 1,484                                | 19                        | 1,490                            | 1,480                                | 29                        |
| Alcoholic Beverage Control Fund                | 6,039                     | 29,177                        | 30,676                            | 4,540                     | 31,054                           | 31,783                               | 3,811                     | 31,054                           | 32,144                               | 2,721                     |
| Alcoholic Beverage Control Appeals Fund        | 850                       | 574                           | 614                               | 810                       | 576                              | 717                                  | 669                       | 576                              | 710                                  | 535                       |
| Architectural Examiners Fd.St Bd of            | 2,129                     | 2,936                         | 2,591                             | 2,474                     | 2,266                            | 2,955                                | 1,785                     | 2,983                            | 2,861                                | 1,907                     |
| Armory Discretionary Improvement Account       | 41                        | 58                            | 38                                | 61                        | 150                              | 150                                  | 61                        | 150                              | 150                                  | 61                        |
| Asbestos Consultant Certification Acct         | -84                       | 325                           | 240                               | 1                         | 325                              | 319                                  | 7                         | 325                              | 318                                  | 14                        |
| Asbestos Training Approval Account             | 65                        | 4                             | 3                                 | 66                        | 168                              | 232                                  | 2                         | 232                              | 231                                  | 3                         |
| Assembly and Senate, Operating Funds Of        | 21                        | -                             | -                                 | 21                        | -                                | -                                    | 21                        | -                                | -                                    | -                         |
| Assistance for Fire Equipment Acct.Store       | 278                       | 26                            | 2                                 | 302                       | 100                              | 100                                  | 302                       | 100                              | 101                                  | 301                       |
| Attorney General Antitrust Account             | 1,037                     | 12                            | 1,039                             | 10                        | 2,030                            | 1,034                                | 1,006                     | 2,030                            | 1,018                                | 2,018                     |
| Audit Fund, State                              | 1,097                     | -                             | 154                               | 943                       | -                                | -                                    | 943                       | -                                | -                                    | 943                       |
| Bank and Corporation Tax Fund                  | -                         | -                             | 4                                 | -4                        | -                                | 7                                    | -11                       | -                                | -                                    | -11                       |
| Banking Fund, State                            | 5,164                     | -5,164                        | -                                 | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Borbering/Cosmetology Fd. St Bd of             | 7,014                     | 8,889                         | 9,462                             | 6,441                     | 9,389                            | 8,529                                | 7,301                     | 8,419                            | 7,818                                | 7,902                     |
| Boy Protection and Toxic Cleanup Fund          | 1,701                     | 121                           | 1,701                             | 121                       | -                                | -                                    | 121                       | -                                | -                                    | 121                       |
| Beech and Cooslost Enhancement Acct,<br>Colif. | -                         | -                             | -                                 | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Behavioral Science Examiners Fund              | 2,813                     | 6,131                         | 4,159                             | 4,785                     | 342                              | 196                                  | 146                       | 437                              | 536                                  | 47                        |
| Beverage Container Recycling Fund, CA          | 93,254                    | 345,015                       | 315,343                           | 122,926                   | 6,072                            | 4,094                                | 6,763                     | 4,907                            | 4,252                                | 7,418                     |
| Bicycle Transportation Account, SF             | 683                       | 817                           | 470                               | 1,030                     | 1,140                            | 1,010                                | 1,160                     | 1,290                            | 1,010                                | 1,290                     |
| Bimetal Processing Fee Acct. Bev Cont Re       | 15                        | 21                            | 13                                | 23                        | 102                              | 17                                   | 108                       | 173                              | 22                                   | 259                       |
| Boxer's Neurological Examination Account       | 24                        | 45                            | 60                                | 9                         | 103                              | 91                                   | 21                        | 88                               | 97                                   | 12                        |
| Boxers Pension Account                         | 468                       | 61                            | 58                                | 471                       | 70                               | 75                                   | 466                       | 70                               | 79                                   | 457                       |
| Breast Cancer Control Account                  | 13,708                    | 18,585                        | 20,699                            | 11,594                    | 15,135                           | 26,433                               | 296                       | 14,600                           | 14,427                               | 469                       |
| Breast Cancer Fund                             | 3,477                     | -3,371                        | 106                               | -                         | 101                              | 101                                  | -                         | 101                              | 101                                  | -                         |
| Breast Cancer Research Account                 | 7,889                     | 18,819                        | 18,358                            | 8,350                     | 15,426                           | 18,300                               | 5,476                     | 15,180                           | 18,326                               | 2,330                     |
| Business Fees Fund, Secty of State s.          | -                         | 23,339                        | 23,339                            | -                         | 18,551                           | 18,551                               | -                         | 20,128                           | 20,128                               | -                         |
| Business Reinvestment Fund                     | 3,258                     | 2,000                         | 777                               | 4,481                     | 2,000                            | 371                                  | 6,110                     | 375                              | 375                                  | 5,735                     |
| Cal- OSHA Targeted Inspection & Consult        | 2,784                     | 7,455                         | 6,154                             | 4,085                     | 6,153                            | 6,128                                | 4,110                     | 6,153                            | 6,189                                | 4,074                     |
| Cancer Research Fund                           | -                         | -                             | -1,624                            | 1,624                     | -                                | 6                                    | 1,618                     | -                                | 63                                   | 1,555                     |
| Caseload Subocct. Soles Tax Growth Acct.       | -                         | 67,846                        | 67,846                            | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Cemetery Fund                                  | 964                       | 934                           | 1,301                             | 597                       | 1,114                            | 1,060                                | 651                       | 930                              | 1,168                                | 413                       |
| Certification Acct. Consumer Affairs Fd        | 24                        | 531                           | 504                               | 51                        | 586                              | 565                                  | 72                        | 586                              | 574                                  | 84                        |
| Certification Fund                             | 611                       | 684                           | 586                               | 709                       | 751                              | 1,361                                | 99                        | 1,066                            | 1,165                                | -                         |
| Child Abuse Fund, DOJ                          | -                         | -                             | -                                 | -                         | 334                              | 324                                  | 10                        | 196                              | 175                                  | 31                        |
| Child Care Acct. Child & Fam 1st Trust         | -                         | -                             | -                                 | -                         | 11,173                           | 11,173                               | -                         | 20,145                           | 20,145                               | -                         |
| Child Health and Safety Fund                   | 1,146                     | 836                           | 894                               | 1,088                     | 883                              | 970                                  | 1,001                     | 883                              | 1,062                                | 822                       |
| Childhood Lead Poisoning Prevention Fund       | 21,196                    | 11,937                        | 13,288                            | 19,845                    | 13,200                           | 20,270                               | 12,775                    | 13,200                           | 17,380                               | 8,595                     |
| Children & Families First Trust Fd, Col        | -                         | -                             | -                                 | -                         | 568                              | 568                                  | -                         | 712                              | 712                                  | -                         |
| Chiropractic Examiners Fund                    | 2,295                     | 2,207                         | 1,692                             | 2,810                     | 2,169                            | 1,788                                | 3,191                     | 2,169                            | 1,759                                | 3,601                     |
| Cigarette & Tobacco Products Surfax Fund       | -                         | 1,263                         | 1,263                             | -                         | 1,191                            | 1,191                                | -                         | 1,211                            | 1,211                                | -                         |
| Clinical Laboratory Improvement Fund           | 113                       | 3,634                         | 3,675                             | 72                        | 6,067                            | 5,967                                | 172                       | 6,067                            | 5,506                                | 733                       |
| Co Medical Svc Subocct.Soles Tox Growth        | -                         | 3,976                         | 3,976                             | -                         | 3,613                            | 3,613                                | -                         | 3,910                            | 3,910                                | -                         |
| Coachello Valley Mountains Conservancy         | -                         | 14                            | 11                                | 3                         | 100                              | 99                                   | 4                         | 130                              | 130                                  | 4                         |
| Coastal Access Account, SCCF                   | -                         | 322                           | -                                 | 322                       | 708                              | 225                                  | 805                       | 708                              | 700                                  | 813                       |



**SCHEDULE 10—Continued**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1997, 1998, 1999 AND 2000**  
(Dollars in Thousands)

| Fund  | Reserves<br>June 30, 1997 | Actual<br>Revenues<br>1997-98 | Actual<br>Expenditures<br>1997-98 | Reserves<br>June 30, 1998 | Estimated<br>Revenues<br>1998-99 | Estimated<br>Expenditures<br>1998-99 | Reserves<br>June 30, 1999 | Estimated<br>Revenues<br>1999-00 | Estimated<br>Expenditures<br>1999-00 | Reserves<br>June 30, 2000 |
|---|---------------------------|-------------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|
| Callins-Dugan Calif Conserv Corps Reimb.....        | -                         | 28,913                        | 28,913                            | -                         | 27,992                           | 27,992                               | -                         | 27,637                           | 27,637                               | -                         |
| Commerce Marketing Fund.....                        | 129                       | 50                            | 77                                | 102                       | 40                               | 106                                  | 36                        | 72                               | 106                                  | 2                         |
| Commercial Motor Carrier Safety Enfrmt Fd.,         | 2,026                     | -2,026                        | -                                 | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Community Health Equity Sub. SalesfxGrvt.,          | -                         | 3,257                         | 3,257                             | -                         | 11,330                           | 11,330                               | -                         | 12,262                           | 12,262                               | -                         |
| Competitive Technology Fund.....                    | 1,896                     | 75                            | 1,512                             | 459                       | 14                               | 473                                  | -                         | -                                | -                                    | -                         |
| Construction Management Education Acct.,            | 92                        | 52                            | -                                 | 144                       | 30                               | 15                                   | 159                       | 30                               | 15                                   | 174                       |
| Contingent Fd of the Medical Board of CA.,          | 5,151                     | 33,567                        | 30,483                            | 8,235                     | 32,792                           | 32,147                               | 8,880                     | 33,667                           | 32,261                               | 10,286                    |
| Continuing Care Provider Fee Fund.....              | 466                       | 522                           | 343                               | 645                       | 500                              | 627                                  | 518                       | 500                              | 622                                  | 396                       |
| Contractors License Fund.....                       | 19,754                    | 31,935                        | 40,715                            | 10,974                    | 49,892                           | 41,271                               | 19,595                    | 43,300                           | 42,077                               | 20,818                    |
| Corporations Fund, State.....                       | 26,325                    | 40,884                        | 32,480                            | 34,729                    | 31,801                           | 35,524                               | 31,006                    | 27,722                           | 37,270                               | 21,458                    |
| Corrections Training Fund.....                      | 384                       | 10,361                        | 9,865                             | 880                       | 18,536                           | 16,848                               | 2,568                     | 18,235                           | 16,938                               | 3,865                     |
| Courtes Children & Families First Acct.....         | -                         | -                             | -                                 | -                         | 297,946                          | 297,946                              | -                         | 537,200                          | 537,200                              | -                         |
| Court Collection Account.....                       | 2                         | 6,045                         | 4,982                             | 1,065                     | 5,700                            | 5,700                                | 1,065                     | 5,700                            | 5,700                                | 1,065                     |
| Court Interpreters' Fund.....                       | 396                       | 111                           | 217                               | 290                       | 100                              | 256                                  | 134                       | 122                              | 256                                  | -                         |
| Court Reporters Fund.....                           | 511                       | 826                           | 470                               | 867                       | 697                              | 527                                  | 1,037                     | 597                              | 558                                  | 1,076                     |
| Credit Union Fund.....                              | -                         | 3,125                         | 2,141                             | 984                       | 2,000                            | 2,212                                | 772                       | 2,350                            | 2,488                                | 634                       |
| Dealers' Record of Sale Acct.....                   | 1,848                     | 6,599                         | 6,175                             | 2,272                     | 7,092                            | 7,107                                | 2,257                     | 6,792                            | 6,745                                | 2,304                     |
| Debt & Investment Advisory Comm Fund-<br>Cal.....   | 1,906                     | 2,679                         | 1,403                             | 3,182                     | 1,596                            | 1,618                                | 3,160                     | 2,128                            | 1,641                                | 3,647                     |
| Debt Limit Allocation Commitfree Fund, Cal.,        | 2,257                     | 1,043                         | 413                               | 2,887                     | 1,075                            | 555                                  | 3,407                     | 979                              | 601                                  | 3,785                     |
| Delinquent Tax Collection Fund.....                 | -                         | -                             | -148                              | 148                       | -                                | -                                    | 148                       | -                                | -                                    | 148                       |
| Delta Flood Protection Fund.....                    | 7,710                     | 863                           | 3,054                             | 5,519                     | 300                              | 5,106                                | 713                       | 1,633                            | 2,333                                | 13                        |
| Dental Auxiliary Fund, State.....                   | 1,129                     | 1,093                         | 1,033                             | 1,189                     | 1,187                            | 1,210                                | 1,166                     | 938                              | 1,165                                | 939                       |
| Dentistry Fund, State.....                          | 1,107                     | 5,017                         | 5,368                             | 756                       | 7,256                            | 5,860                                | 2,152                     | 6,593                            | 5,978                                | 2,767                     |
| Developmental Disabilities Prog Dev Fund.....       | 2,292                     | 2,298                         | 2,123                             | 2,467                     | 2,170                            | 2,383                                | 2,254                     | 2,320                            | 2,383                                | 2,191                     |
| Developmental Disabilities Services Acct.....       | 93                        | 3                             | 30                                | 66                        | 4                                | 30                                   | 40                        | 2                                | 30                                   | 12                        |
| Diesel Emission Reduction Fund.....                 | 93                        | 3                             | 96                                | -                         | 610                              | 609                                  | 1                         | 1,020                            | 1,002                                | 19                        |
| Disaster Relief Fund.....                           | 20,725                    | -                             | 7,833                             | 12,892                    | -                                | 10,000                               | 2,892                     | -                                | 2,892                                | -                         |
| Dispensing, Opticians Fund.....                     | 330                       | 189                           | 161                               | 358                       | 195                              | 279                                  | 274                       | 194                              | 279                                  | 189                       |
| Domestic Violence Fund.....                         | 1,018                     | 1,020                         | 208                               | 1,830                     | -1,351                           | 479                                  | -                         | -                                | -                                    | -                         |
| Domestic Violence Trng & Education Fund.,           | -                         | -                             | -                                 | -                         | 350                              | 84                                   | 266                       | 700                              | 553                                  | 413                       |
| Drinking Water Treatment & Research Fund.,          | -                         | -                             | -                                 | -                         | -                                | -                                    | -                         | 5,000                            | 5,000                                | -                         |
| Driver Training, Penalty Assessment Fund.....       | -                         | -                             | -                                 | -                         | -                                | -                                    | -                         | 992                              | 980                                  | 78                        |
| Driving-Under-the-Influence Prag Lic Trs.....       | 42                        | 1,094                         | 1,085                             | 51                        | 993                              | 978                                  | 66                        | 1,675                            | 1,676                                | 2,006                     |
| DNA Testing Fund, Department of Justice.....        | 1,498                     | 1,765                         | 1,261                             | 2,002                     | 1,675                            | 1,670                                | 2,007                     | -                                | -                                    | -                         |
| Earthquake Emergency Invest Acct-NDA Fd.,           | 33                        | 3                             | -                                 | 36                        | 3                                | -                                    | 39                        | 3                                | -                                    | 42                        |
| Earthquake Risk Reduction Fund of 1,996.....        | 98                        | -                             | -                                 | 98                        | -                                | -                                    | 98                        | -                                | -                                    | 98                        |
| Education Acct, Child & Fam 1st Trust Fd.....       | 1,000                     | -                             | 1,000                             | -                         | 1,000                            | 1,000                                | -                         | 1,000                            | 1,000                                | -                         |
| Electronic and Appliance Repair Fund.....           | -                         | 1,228                         | 1,339                             | -                         | 18,621                           | 18,621                               | -                         | 33,575                           | 33,575                               | -                         |
| Elevator Safety Account.....                        | 112                       | 6,800                         | 5,844                             | 1                         | 2,041                            | 1,517                                | 525                       | 1,798                            | 1,430                                | 893                       |
| Emerg Medical Svcs Trng Prag Approval Fd.,          | 3,379                     | 9                             | 8                                 | 4,335                     | 6,988                            | 6,591                                | 4,732                     | 6,988                            | 6,888                                | 4,832                     |
| Emergency Clean Water Grant Fund.....               | 7                         | 9                             | 8                                 | 8                         | 16                               | 13                                   | 11                        | 210                              | 23                                   | 198                       |
| Emergency Medical Services Personnel Fnd.,          | 272                       | -                             | -                                 | 272                       | -                                | -                                    | 272                       | -                                | -                                    | 272                       |
| Emergency Telephone Number Acct, State.....         | 29                        | 713                           | 708                               | 34                        | 734                              | 768                                  | -                         | 768                              | 768                                  | -                         |
| Employment Development Contingent Fund              | 39,520                    | 86,920                        | 74,207                            | 52,233                    | 90,525                           | 80,603                               | 62,155                    | 92,335                           | 83,550                               | 70,940                    |
| Employment Development Dept Benefit Au-<br>dit..... | 4,204                     | 32,012                        | 35,216                            | 1,000                     | 37,343                           | 37,343                               | 1,000                     | 37,741                           | 37,741                               | 1,000                     |
| Energy Conservation Assistance Ac, State.....       | 2,228                     | 11,808                        | 12,274                            | 1,762                     | 7,984                            | 8,746                                | 1,000                     | 8,855                            | 8,855                                | 1,000                     |
| Energy Resources Programs Account.....              | 7,180                     | 499                           | -325                              | 8,004                     | 519                              | 6,671                                | 1,852                     | 458                              | 329                                  | 1,981                     |
| Energy Tech Research, Dev, & Dema Acct.,            | 135                       | 43,286                        | 42,946                            | 475                       | 44,229                           | 42,516                               | 2,188                     | 45,112                           | 42,537                               | 4,763                     |
| Environmental Enhancement Fund.....                 | 2,114                     | 192                           | -80                               | 2,386                     | 170                              | 1,549                                | 1,007                     | 161                              | 1,068                                | 100                       |
| Environmental Laboratory Improvement Fnd.,          | 71                        | 31                            | 76                                | 26                        | 406                              | 100                                  | 332                       | 31                               | 106                                  | 257                       |
| Environmental License Plate Fund, Calif.....        | 1,519                     | 2,333                         | 2,251                             | 1,601                     | 2,480                            | 2,363                                | 1,718                     | 2,554                            | 2,396                                | 1,876                     |
| Environmental Water Fund.....                       | -4,129                    | 25,819                        | 17,391                            | 4,299                     | 24,948                           | 26,047                               | 3,200                     | 24,087                           | 26,627                               | 660                       |
| Environmental Water Fund.....                       | 1,016                     | 7,262                         | 9,000                             | -722                      | 2,300                            | -                                    | 1,578                     | 400                              | -                                    | 1,978                     |
| Environmnt Enhanc & Mitigat Dema Prgm Fd.,          | 9,289                     | 6,828                         | 10,647                            | 5,470                     | 10,000                           | 10,115                               | 5,355                     | 11,000                           | 10,115                               | 6,240                     |
| Environmntal Protection Trust Fund.....             | 744                       | 1,435                         | 1,372                             | 807                       | 1,370                            | 1,568                                | 609                       | 1,370                            | 1,554                                | 425                       |
| Estate Tax Fund.....                                | -                         | -                             | -                                 | -                         | -                                | -                                    | -1                        | -                                | -                                    | -1                        |
| Expedited Site Remediation Trust Fund.....          | 2,419                     | 902                           | 2,897                             | 424                       | 400                              | 700                                  | 124                       | 414                              | 450                                  | 88                        |
| Export Document Program Fund.....                   | 112                       | 192                           | 162                               | 142                       | 180                              | 312                                  | 10                        | 180                              | 142                                  | 48                        |

**SCHEDULE 10—Continued**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1997, 1998, 1999 AND 2000**  
(Dollars in Thousands)

| Fund   | Reserves<br>June 30, 1997 | Actual<br>Revenues<br>1997-98 | Actual<br>Expenditures<br>1997-98 | Reserves<br>June 30, 1998 | Estimated<br>Revenues<br>1998-99 | Estimated<br>Expenditures<br>1998-99 | Reserves<br>June 30, 1999 | Estimated<br>Revenues<br>1999-00 | Estimated<br>Expenditures<br>1999-00 | Reserves<br>June 30, 2000 |
|--|---------------------------|-------------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|
| Exposition Park Improvement Fund .....         | 922                       | 2,270                         | 1,954                             | 1,238                     | 2,807                            | 2,118                                | 1,927                     | 2,807                            | 2,139                                | 2,595                     |
| Fair and Exposition Fund .....                 | 257                       | 24,735                        | 24,970                            | 22                        | 24,904                           | 23,724                               | 1,202                     | 25,208                           | 24,589                               | 1,821                     |
| False Claims Act Fund .....                    | -                         | 3,842                         | 1,500                             | 2,342                     | 44,100                           | 1,972                                | 44,470                    | -20,990                          | 3,161                                | 20,319                    |
| Family Law Trust Fund .....                    | -                         | 710                           | 710                               | -                         | 1,419                            | 1,419                                | -                         | 900                              | 900                                  | -                         |
| Farm & Ranch Solid Waste Cleanup & Abatte      | -                         | -                             | -                                 | -                         | 555                              | 553                                  | 2                         | 1,000                            | 998                                  | 4                         |
| Farm Labor Contractors Special Account .....   | 436                       | 36                            | -                                 | 472                       | 36                               | 27                                   | 481                       | 36                               | 27                                   | 490                       |
| Federal Receipts Acct. HWCA .....              | 371                       | 1,795                         | 1,806                             | 360                       | 1,392                            | 1,074                                | 678                       | -                                | -                                    | 678                       |
| Financial Institutions Fund .....              | 37                        | 20,358                        | 14,710                            | 5,685                     | 15,496                           | 15,445                               | 5,736                     | 12,440                           | 15,481                               | 2,695                     |
| Financial Responsibility Penalty Account ..... | 7,251                     | -3,576                        | -                                 | 3,675                     | 358                              | -                                    | 4,033                     | -                                | -                                    | 4,033                     |
| Fines & Forfeitures Acct. Parks & Rec Fd ..... | 5                         | -                             | -                                 | 5                         | -                                | -                                    | 5                         | -                                | -                                    | 5                         |
| Fingerprint Fees Account .....                 | 4,152                     | 37,517                        | 37,832                            | 3,837                     | 34,600                           | 33,454                               | 4,983                     | 34,600                           | 36,092                               | 3,491                     |
| Fire and Arson Training Fund, Calif .....      | 483                       | 1,198                         | 1,154                             | 527                       | 1,422                            | 1,373                                | 576                       | 1,422                            | 1,429                                | 569                       |
| Fire Marshal Licensing & Cert Fund, St .....   | 520                       | 1,692                         | 1,714                             | 498                       | 1,657                            | 1,766                                | 389                       | 1,657                            | 1,830                                | 216                       |
| Firearms Safety Training Fund Special Ac ..... | -7                        | 456                           | 384                               | 65                        | 459                              | 523                                  | 1                         | 459                              | 451                                  | 9                         |
| Fish and Game Preservation Fund .....          | 19,716                    | 75,696                        | 87,391                            | 8,021                     | 79,818                           | 72,628                               | 15,211                    | 82,210                           | 79,610                               | 17,811                    |
| Fish and Wildlife Pollution Account .....      | 2,261                     | 554                           | 2,117                             | 698                       | 12,121                           | 1,489                                | 11,330                    | 3,042                            | 1,460                                | 12,912                    |
| Food Safety Acct. Pesticide Reg Fd, Dept ..... | 1,252                     | 1,118                         | 1,991                             | 379                       | 2,012                            | 1,972                                | 419                       | 1,643                            | 1,964                                | 98                        |
| Food Safety Fund .....                         | 871                       | 2,437                         | 2,164                             | 1,144                     | 2,735                            | 2,821                                | 1,058                     | 2,735                            | 2,940                                | 853                       |
| Foster and Small Family Insurance Fund .....   | 354                       | -                             | -113                              | 467                       | -                                | 431                                  | 36                        | -                                | -                                    | 36                        |
| Funeral Directors and Embalmers Fund, St ..... | 167                       | 1,091                         | 980                               | 278                       | 1,035                            | 782                                  | 531                       | 1,035                            | 771                                  | 795                       |
| Gambling Control Fines & Penalties Acct .....  | -                         | 188                           | 188                               | 188                       | 60                               | 1                                    | 247                       | 60                               | 242                                  | 65                        |
| Gambling Control Fund .....                    | -                         | 4,510                         | -                                 | 4,510                     | 6,700                            | 4,711                                | 6,499                     | 7,700                            | 5,262                                | 8,937                     |
| Gaming Registration License Fee Acct .....     | -63                       | 648                           | 585                               | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Gourmet Manufacturers Special Account .....    | 464                       | 184                           | 17,247                            | 648                       | 184                              | 50                                   | 782                       | 184                              | 50                                   | 916                       |
| General Growth Subacct.Sales Tax Growth .....  | -                         | 17,247                        | 17,247                            | -                         | 59,992                           | 59,992                               | -                         | 64,925                           | 64,925                               | -                         |
| Genetic Disease Testing Fund .....             | 22,379                    | 54,246                        | 60,460                            | 16,165                    | 54,605                           | 59,977                               | 10,793                    | 55,089                           | 61,114                               | 4,768                     |
| Geology and Geophysics Fund .....              | 824                       | 593                           | 622                               | 795                       | 753                              | 924                                  | 624                       | 864                              | 918                                  | 570                       |
| Geothermal Resources Development Ac-           | -                         | -                             | -                                 | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| count .....                                    | -                         | 5,077                         | 5,077                             | -                         | 5,133                            | 5,133                                | -                         | 5,133                            | 5,133                                | -                         |
| Glass Processing Fee Account .....             | 6,702                     | 32,606                        | 29,820                            | 9,488                     | 40,010                           | 28,526                               | 20,972                    | 64,255                           | 28,401                               | 56,826                    |
| Graphic Design License Plate Account .....     | 380                       | 539                           | 574                               | 345                       | 660                              | 641                                  | 364                       | 710                              | 323                                  | 323                       |
| Guide Dogs for the Blind Fund .....            | 43                        | 95                            | 59                                | 79                        | 102                              | 91                                   | 90                        | 105                              | 111                                  | 84                        |
| Habitat Conservation Fund .....                | 26,555                    | 29,051                        | 27,626                            | 27,980                    | 10,032                           | 29,464                               | 8,548                     | 9,580                            | 9,580                                | 8,548                     |
| Hazardous & Idle-Deserted Well Abate Fnd ..... | 43                        | 48                            | 52                                | 39                        | 90                               | 86                                   | 43                        | 49                               | 45                                   | 47                        |
| Hazardous Liquid Pipeline Safety Calif .....   | 1,757                     | 1,342                         | 1,161                             | 1,938                     | 1,325                            | 2,076                                | 1,187                     | 1,325                            | 1,840                                | 672                       |
| Hazardous Materials Enforce Train Acct .....   | 20                        | 6                             | -                                 | 26                        | 2                                | -                                    | 28                        | 2                                | -                                    | 30                        |
| Hazardous Spill Prevention Acct. RARPF .....   | 677                       | 155                           | 563                               | 269                       | -269                             | -                                    | -                         | -                                | -                                    | -                         |
| Hazardous Subst Clearing Account .....         | 4,389                     | 3,060                         | 6,151                             | 1,298                     | 6,089                            | 5,959                                | 1,428                     | 4,332                            | 5,760                                | -                         |
| Hazardous Substance Subaccount .....           | 1,805                     | 1,001                         | 197                               | 2,609                     | 1,000                            | 999                                  | 2,610                     | 1,000                            | 966                                  | 2,644                     |
| Hazardous Waste Control Account .....          | 12,714                    | 49,309                        | 54,558                            | 7,465                     | 25,845                           | 27,766                               | 5,544                     | 30,459                           | 33,299                               | 2,704                     |
| Health Data & Planning Fund, CA .....          | 4,989                     | 11,758                        | 11,031                            | 5,716                     | 11,811                           | 12,375                               | 5,152                     | 13,111                           | 14,075                               | 4,188                     |
| Health Ed Acct. Cig & Tob Pr Surtax .....      | 119,297                   | 94,723                        | 140,642                           | 73,378                    | 81,774                           | 120,564                              | 34,588                    | 85,120                           | 84,334                               | 35,374                    |
| Health Statistics Special Fund .....           | 6,794                     | 9,917                         | 13,042                            | 3,669                     | 11,581                           | 13,773                               | 1,477                     | 11,581                           | 12,538                               | 520                       |
| Health Subaccount, Sales Tax Account .....     | -                         | 304,778                       | 304,778                           | -                         | 323,280                          | 323,280                              | -                         | 372,230                          | 372,230                              | -                         |
| Hearing Aid Dispensers Fund .....              | 195                       | 555                           | 522                               | 228                       | 555                              | 434                                  | 349                       | 552                              | 471                                  | 430                       |
| High Polluter Repair or Removal Account .....  | -                         | 10,788                        | -                                 | 10,788                    | 68,145                           | 64,045                               | 14,888                    | 71,150                           | 62,481                               | 23,557                    |
| Higher Education Earthquake Account 1,987      | -                         | -                             | -                                 | 22                        | -                                | -                                    | 22                        | -22                              | -                                    | -                         |
| Higher Education Fees and Income-CSU .....     | -                         | 639,285                       | 639,285                           | -                         | 632,795                          | 632,795                              | -                         | 652,217                          | 652,217                              | -                         |
| Highway Account, State, SIF .....              | 1,214,291                 | 2,525,268                     | 2,349,009                         | 1,390,550                 | 2,490,595                        | 2,381,076                            | -                         | 2,455,369                        | 2,825,301                            | 1,130,137                 |
| Highway Users Tax Account, TIF .....           | -                         | 983,905                       | 983,905                           | -                         | 1,010,330                        | 1,010,330                            | -                         | 1,031,918                        | 1,031,918                            | -                         |
| Home Furnish & Thermal Insulat Fd, Burea       | 566                       | 3,344                         | 3,262                             | 648                       | 3,541                            | 3,148                                | 1,041                     | 3,222                            | 2,984                                | 1,279                     |
| Hospital Building Fund .....                   | 2,825                     | 16,444                        | 16,892                            | 2,377                     | 16,312                           | 17,930                               | 759                       | 18,800                           | 18,291                               | 1,268                     |
| Hospital Svc Acct. Cig & Tob Pr Surtax .....   | 21,714                    | 120,016                       | 127,539                           | 14,191                    | 104,131                          | 118,322                              | -                         | 94,416                           | 92,528                               | 1,888                     |
| HICAP Fund, State .....                        | 1,134                     | 997                           | 971                               | 1,160                     | 999                              | 996                                  | 1,163                     | 999                              | 1,013                                | 1,149                     |
| Illegal Drug Lab Cleanup Account .....         | 27                        | -                             | -                                 | 27                        | -                                | -                                    | 27                        | -                                | -                                    | 27                        |
| In-Home Supportive Service Reg Model,STA ..... | 180                       | -                             | -                                 | 180                       | -                                | -                                    | 180                       | -180                             | -                                    | -                         |
| Indigent Health Equity Sub. SalesTaxGrnt ..... | -                         | 1,330                         | 1,330                             | -                         | 4,627                            | 4,627                                | -                         | 5,007                            | 5,007                                | -                         |
| Industrial Development Fund .....              | 1,187                     | 317                           | 253                               | 1,251                     | 456                              | 448                                  | 1,259                     | 468                              | 447                                  | 1,280                     |



**SCHEDULE 10—Continued**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1997, 1998, 1999 AND 2000**  
(Dollars in Thousands)

| Fund  | Reserves<br>June 30, 1997 | Actual<br>Revenues<br>1997-98 | Actual<br>Expenditures<br>1997-98 | Reserves<br>June 30, 1998 | Estimated<br>Revenues<br>1998-99 | Estimated<br>Expenditures<br>1998-99 | Reserves<br>June 30, 1999 | Estimated<br>Revenues<br>1999-00 | Estimated<br>Expenditures<br>1999-00 | Reserves<br>June 30, 2000 |
|---|---------------------------|-------------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|
| Industrial Medicine Fund .....                      | 3,247                     | 1,940                         | 1,134                             | 4,053                     | 1,436                            | 1,657                                | 3,832                     | 1,436                            | 1,664                                | 3,604                     |
| Industrial Rel Construction Enforce Fd .....        | 63                        | 4                             | 13                                | 54                        | 4                                | 50                                   | 8                         | 42                               | 50                                   | -                         |
| Inflant Botulism Treatment & Prevention .....       | 75                        | 500                           | 462                               | 113                       | 1,283                            | 1,278                                | 118                       | 1,300                            | 1,191                                | 227                       |
| Inland Wetlands Cons Fd. Wildlife Rest .....        | 17,259                    | 118,461                       | 272                               | 23,405                    | 166                              | -                                    | 1,821                     | 167                              | -                                    | 1,988                     |
| Insurance Fund .....                                | 6,688                     | 40,363                        | 112,315                           | 11,932                    | 123,727                          | 124,518                              | 22,614                    | 122,537                          | 121,795                              | 23,356                    |
| Integrated Waste Management Account .....           | -                         | 224                           | 35,119                            | 11,932                    | 39,839                           | 38,008                               | 13,763                    | 41,148                           | 43,790                               | 11,121                    |
| Job Creation Investment Fund .....                  | 226                       | 362                           | 4,568                             | 4,792                     | 201                              | 2,940                                | 2,053                     | 57                               | 2,109                                | 1                         |
| Lake Tahoe Conservancy Account .....                | 543                       | 588                           | 16                                | 572                       | 315                              | 326                                  | 561                       | 395                              | 395                                  | 481                       |
| Landscape Architects Fd, CA Bd/Arch Exom. ....      | 213                       | 500                           | 502                               | 629                       | 678                              | 544                                  | 779                       | 547                              | 547                                  | 208                       |
| Low Library Special Account Coll. Store .....       | 12,436                    | 1,323                         | 425                               | 288                       | 500                              | 540                                  | 248                       | 500                              | 540                                  | 547                       |
| Leaking Undergrd Star Tank Cost Recovery .....      | 9                         | 14                            | 6,868                             | 6,891                     | 200                              | 4,415                                | 2,676                     | 150                              | 2,279                                | 55                        |
| Licensed Midwifery Fund .....                       | 285                       | 315                           | 5                                 | 18                        | 16                               | -                                    | 34                        | 21                               | -                                    | 1,230                     |
| Lifetime License Trust Acct. Fish & Game .....      | 348                       | 875                           | 1,091                             | 600                       | 315                              | -                                    | 915                       | 315                              | -                                    | 297                       |
| Loc Pub Prosecutors & Pub Defenders Trng .....      | 63                        | 295                           | 161                               | 132                       | 875                              | 793                                  | 214                       | 875                              | 792                                  | 792                       |
| Local Agency Deposit Security Fund .....            | 10,666                    | 1,359                         | 1,433                             | 197                       | 350                              | 338                                  | 209                       | 350                              | 306                                  | 253                       |
| Local Airport Loan Account .....                    | 5,925                     | 2,359                         | 1,267                             | 10,592                    | 1,360                            | 2,850                                | 9,102                     | 1,360                            | 2,850                                | 7,612                     |
| Local Govt Geothermal Resource Subacct .....        | 6,782                     | 556                           | 180                               | 7,158                     | 2,407                            | 7,911                                | 1,513                     | 2,406                            | 3,423                                | 496                       |
| Local Jurisdiction Energy Assistance .....          | -                         | 397                           | 397                               | -                         | 610                              | 2,447                                | 5,321                     | 302                              | 302                                  | 5,321                     |
| Local Revenue Fund .....                            | 36                        | 114                           | 144                               | 6                         | -                                | -134,356                             | -                         | -260,865                         | -260,865                             | -                         |
| Long Term Management Strategy Comple-<br>tion ..... | 1,741                     | 274                           | 642                               | 1,373                     | 531                              | 773                                  | 1,131                     | 174                              | 174                                  | 6                         |
| Loss Control Certification Fund .....               | 701                       | 1,322                         | 691                               | 1,332                     | 860                              | 1,849                                | 343                       | 1,310                            | 1,228                                | 632                       |
| Low-Level Radioactive Waste Disposal Fnd .....      | 3,118                     | 40,800                        | 35,821                            | 8,097                     | 40,700                           | 40,794                               | 8,003                     | 40,000                           | 40,820                               | 425                       |
| Major Risk Medical Insurance Fund .....             | 461                       | -                             | -                                 | 461                       | -                                | -                                    | 461                       | -                                | -                                    | 7,183                     |
| Mandates Claims Fund, State .....                   | -                         | -                             | -                                 | -                         | -                                | -                                    | -                         | 1,936                            | -                                    | 461                       |
| Marine Life & Marine Reserve Mgmt Acct .....        | -                         | -                             | -                                 | -                         | -                                | -                                    | -                         | -                                | -                                    | 1,936                     |
| Moss Medlo Comm Acct, Child & Fam 1st .....         | -                         | -                             | -                                 | -                         | 22,346                           | 22,346                               | -                         | 40,290                           | 40,290                               | -                         |
| Medical Waste Management Fund .....                 | 750                       | 867                           | 903                               | 714                       | 966                              | 1,123                                | 557                       | 966                              | 1,078                                | 445                       |
| Medical Health Equity Sub, Solesix Growth .....     | -                         | 1,053                         | 1,053                             | -                         | 3,661                            | 3,661                                | -                         | 3,962                            | 3,962                                | -                         |
| Mentol Health Subaccount, Soles Tox Acct .....      | 630                       | 781,103                       | 781,103                           | -                         | 792,023                          | 792,023                              | -                         | 827,627                          | 827,627                              | -                         |
| Mine Reclamation Account .....                      | 22                        | 1,078                         | 1,112                             | 596                       | 1,090                            | 1,221                                | 465                       | 1,065                            | 1,264                                | 266                       |
| Missing Children Reward Fund .....                  | 4                         | 3,867                         | 3,612                             | 22                        | -                                | 2                                    | 20                        | -                                | 2                                    | 18                        |
| Mobilehome Park Revolving Fund .....                | 87                        | 37                            | 23                                | 289                       | 3,867                            | 3,554                                | 572                       | 3,704                            | 3,764                                | 512                       |
| Mosquito-borne Disease Surveillance Acct .....      | 3,757                     | 12,190                        | 8,794                             | 101                       | 26                               | 29                                   | 98                        | 28                               | 29                                   | 97                        |
| Motor Carriers Permit Fund .....                    | 488                       | 2,722                         | 926                               | 7,153                     | 2,991                            | 4,855                                | 5,289                     | 3,122                            | 4,413                                | 3,998                     |
| Motor Carriers Safety Improvement Fund .....        | 52,774                    | 1,206,160                     | 1,147,234                         | 2,284                     | 629                              | 2,032                                | 881                       | 609                              | 1,467                                | 23                        |
| Motor Vehicle Account, STF .....                    | 214,822                   | 12,582                        | 49,070                            | 111,700                   | 1,208,290                        | 1,147,497                            | 172,493                   | 1,221,890                        | 1,197,135                            | 197,248                   |
| Motor Vehicle Fuel Account, TIF .....               | 8,339                     | 19,471                        | 16,091                            | 178,334                   | 47,779                           | 49,099                               | 177,014                   | 48,835                           | 49,305                               | 176,544                   |
| Motor Vehicle Insurance Account, State .....        | -                         | 2,905,591                     | 2,905,591                         | 11,719                    | 17,590                           | 20,775                               | 8,534                     | 17,590                           | 20,699                               | 5,425                     |
| Motor Vehicle License Fee Account, TIF .....        | -565                      | 3,704                         | 3,247                             | -108                      | 2,679,330                        | 2,679,330                            | -                         | 2,456,874                        | 2,456,874                            | -                         |
| Motor Vehicle Parking Facility Monies Acct .....    | 33                        | 994                           | 964                               | 63                        | 4,983                            | 4,875                                | -                         | 5,303                            | 5,303                                | 60                        |
| Narcotic Treatment Program Licensing Tr .....       | 193                       | 4                             | -                                 | 197                       | 1,096                            | 1,159                                | -                         | 1,096                            | 1,036                                | 205                       |
| Native Species Conserv & Enhancement<br>Acct .....  | -                         | 7,275                         | 6,137                             | 1,138                     | -                                | 1,138                                | 201                       | 4                                | -                                    | -                         |
| Natural Resources Infrastructure Fund .....         | 2,284                     | 1,512                         | 1,136                             | 2,660                     | 1,552                            | 1,490                                | -                         | 1,182                            | 1,182                                | -                         |
| New Motor Vehicle Board Account .....               | 1,018                     | 2,713                         | 2,518                             | 1,213                     | 2,693                            | 3,897                                | 2,722                     | 1,530                            | 1,499                                | 2,753                     |
| Nuclear Planning Assessment Special Ac .....        | 202                       | 410                           | 374                               | 238                       | 511                              | 447                                  | 9                         | 3,332                            | 3,341                                | -                         |
| Nursing Home Admin St Lic Exom Bd Fund .....        | 7,613                     | 2,878                         | 464                               | 10,027                    | 3,288                            | 557                                  | 302                       | 449                              | 458                                  | 293                       |
| Occupancy Compliance Monitoring AC-<br>count .....  | 3,704                     | 2,207                         | 2,535                             | 483                       | 2,500                            | 3,106                                | 12,758                    | 3,698                            | 610                                  | 15,846                    |
| Occupational Lead Poisoning Prev Acct/GF .....      | 483                       | 828                           | 828                               | 483                       | 850                              | 850                                  | 483                       | 2,500                            | 3,612                                | 1,658                     |
| Off Highway License Fee Fund .....                  | 18,170                    | 34,910                        | 31,806                            | 21,274                    | 39,614                           | 45,763                               | 15,125                    | 850                              | 850                                  | 483                       |
| Off-Highway Vehicle Trust Fund .....                | 7,584                     | 24,558                        | 21,399                            | 10,743                    | 17,859                           | 25,193                               | 3,409                     | 33,999                           | 41,305                               | 7,819                     |
| Oil Spill Prevention & Administration Fd .....      | 48,368                    | 5,843                         | 9,658                             | 44,553                    | 18,882                           | 1,488                                | 51,247                    | 18,788                           | 21,836                               | 361                       |
| Oil Spill Response Trust Fund .....                 | 10                        | 4                             | -                                 | 14                        | -7                               | -                                    | 7                         | 7,847                            | 1,369                                | 57,725                    |
| Olympic Training Account, California .....          | 674                       | 1,386                         | 843                               | 1,217                     | 1,158                            | 1,017                                | 1,358                     | -                                | -                                    | 7                         |
| Optometry Fund, State .....                         | 1,012                     | 910                           | 761                               | 1,161                     | 1,346                            | 894                                  | 1,613                     | 1,195                            | 1,066                                | 1,487                     |
| Osteopathic Medical Bd of Calif Confn Fd .....      | 89                        | 48                            | 4                                 | 133                       | 5                                | 26                                   | 112                       | 731                              | 906                                  | 1,438                     |
| Outpatient Setting Fd of Medical Board .....        | -                         | -                             | -                                 | -                         | -                                | -                                    | -                         | 5                                | 23                                   | 94                        |



**SCHEDULE 10—Continued**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1997, 1998, 1999 AND 2000**  
(Dollars in Thousands)

| Fund   | Reserves<br>June 30, 1997 | Actual<br>Revenues<br>1997-98 | Actual<br>Expenditures<br>1997-98 | Reserves<br>June 30, 1998 | Estimated<br>Revenues<br>1998-99 | Estimated<br>Expenditures<br>1998-99 | Reserves<br>June 30, 1999 | Estimated<br>Revenues<br>1999-00 | Estimated<br>Expenditures<br>1999-00 | Reserves<br>June 30, 2000 |
|--|---------------------------|-------------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|
| Parks and Recreation Fund, State .....           | 3,699                     | 75,494                        | 77,511                            | 1,682                     | 79,320                           | 80,728                               | 274                       | 81,623                           | 81,897                               | -                         |
| Peace Officers Training Fund .....               | 15,911                    | 36,433                        | 37,465                            | 14,879                    | 51,044                           | 47,660                               | 18,263                    | 50,476                           | 47,980                               | 20,759                    |
| Perinatal Insurance Fund .....                   | 2,190                     | 39,050                        | 39,914                            | 1,326                     | 34,858                           | 34,649                               | 1,535                     | 38,703                           | 38,098                               | 2,140                     |
| Personal Income Tax Fund .....                   | -                         | -                             | 1                                 | -1                        | -                                | -                                    | -1                        | -                                | -                                    | -1                        |
| Pesticide Regulation Fund, Dept of .....         | 18,162                    | 27,648                        | 31,350                            | 14,460                    | 27,417                           | 31,382                               | 10,495                    | 32,508                           | 31,461                               | 11,542                    |
| Petro Undergrnd Storage Tank Financ Acct .....   | 7,032                     | 14,148                        | 8,108                             | 13,072                    | 34,999                           | 42,220                               | 5,851                     | 2,138                            | -1,353                               | 9,342                     |
| Pharmacy Board Contingent Fund .....             | 5,623                     | 6,198                         | 5,708                             | 6,041                     | 9,870                            | 6,080                                | 9,831                     | 6,042                            | 5,517                                | 10,356                    |
| Physical Therapy Fund .....                      | 360                       | 1,963                         | 2,048                             | 275                       | 1,975                            | 1,747                                | 503                       | 2,011                            | 1,410                                | 1,104                     |
| Physician Assistant Fund .....                   | 1,180                     | 724                           | 725                               | 1,179                     | 1,011                            | 798                                  | 1,392                     | 770                              | 776                                  | 1,386                     |
| Physician Svc Acct, Cig & Tob Pr Surtax .....    | 6,352                     | 17,846                        | 19,746                            | 4,452                     | 12,736                           | 17,188                               | -                         | 9,850                            | 9,653                                | 1,197                     |
| Pilot Commissioners' Special Fd, Board .....     | 372                       | 1,293                         | 942                               | 723                       | 1,159                            | 1,175                                | 707                       | 1,159                            | 1,199                                | 667                       |
| Podiatric Medicine Fund, Board of .....          | 157                       | 816                           | 943                               | 30                        | 1,227                            | 998                                  | 259                       | 792                              | 985                                  | 66                        |
| Pressure Vessel Account .....                    | -103                      | 2,820                         | 2,714                             | 3                         | 3,254                            | 3,252                                | 5                         | 3,409                            | 3,411                                | 3                         |
| Private Investigator Fund .....                  | 623                       | 744                           | 702                               | 665                       | 762                              | 555                                  | 872                       | 784                              | 744                                  | 912                       |
| Private Postsecond EducationAdmin Fund .....     | 5,298                     | 4,781                         | 4,323                             | 5,756                     | 7,513                            | 8,191                                | 5,078                     | 6,375                            | 7,846                                | 3,607                     |
| Private Security Services Fund .....             | 1,339                     | 5,276                         | 6,607                             | 8                         | 5,344                            | 5,219                                | 133                       | 5,497                            | 5,290                                | 340                       |
| Professional Engineer & Land Surveyor Fd .....   | 3,341                     | 6,111                         | 6,328                             | 3,124                     | 7,958                            | 7,066                                | 4,016                     | 4,986                            | 6,948                                | 2,054                     |
| Professional Forester Registration Fund .....    | 257                       | 184                           | 116                               | 325                       | 184                              | 168                                  | 341                       | 184                              | 171                                  | 354                       |
| Propane Safety/Insp/Enforamt Prog Trust .....    | 32                        | 50                            | 13                                | 69                        | 70                               | -                                    | 139                       | 70                               | -                                    | 209                       |
| Property Acquisition Law Money Account .....     | 2,387                     | 2,849                         | 4,900                             | 336                       | 6,569                            | 4,837                                | 2,068                     | 3,314                            | 3,098                                | 2,284                     |
| Psychiatric Technicians Account .....            | 154                       | 888                           | 837                               | 205                       | 907                              | 947                                  | 165                       | 930                              | 989                                  | 106                       |
| Psychology Fund .....                            | 1,249                     | 3,231                         | 2,605                             | 1,875                     | 3,154                            | 2,772                                | 2,257                     | 3,170                            | 2,869                                | 2,558                     |
| Pub Sch Ping Design & Constr Rev Reviv Fd .....  | -2,575                    | 15,759                        | 10,907                            | 2,277                     | 13,707                           | 13,092                               | 2,892                     | 13,707                           | 13,313                               | 3,286                     |
| Pub Utilities Comm Utilities Reimb Acct .....    | 12,563                    | 56,145                        | 52,827                            | 15,881                    | 56,155                           | 57,414                               | 14,622                    | 56,155                           | 58,507                               | 12,270                    |
| Public Int Res, Dev & Demonstratn Program .....  | -                         | 36,393                        | 25,750                            | 11,843                    | 58,755                           | 65,088                               | 5,510                     | 67,300                           | 66,855                               | 5,955                     |
| Public Res Acct, Cig & Tob Pr Surtax .....       | 5,125                     | 22,691                        | 22,256                            | 5,560                     | 20,094                           | 24,201                               | 1,453                     | 18,011                           | 18,735                               | 729                       |
| Public Transportation Account, STF .....         | 32,118                    | 207,599                       | 217,556                           | 22,161                    | 326,898                          | 259,304                              | 89,755                    | 258,542                          | 271,710                              | 76,587                    |
| Public Util Comm Transport Reimb Acct .....      | 3,219                     | 7,500                         | 7,191                             | 3,528                     | 7,320                            | 7,168                                | 3,680                     | 7,500                            | 7,155                                | 4,025                     |
| PET Processing Fee Acct, Bev Cont Rec Fd .....   | 395                       | 10,878                        | 10,713                            | 560                       | 12,840                           | 6,752                                | 6,648                     | 14,200                           | 63                                   | 20,785                    |
| Radiation Control Fund .....                     | 15,436                    | 12,777                        | 12,884                            | 15,329                    | 12,150                           | 12,671                               | 14,808                    | 12,150                           | 13,386                               | 13,572                    |
| Radon Contractor Certification Fund .....        | 51                        | -48                           | -                                 | 3                         | -3                               | -                                    | -                         | -222                             | -                                    | -                         |
| Rail Accident Prevention & Response Fund .....   | 164                       | 58                            | -                                 | 222                       | 1,146                            | 3,929                                | 222                       | 1,391                            | 4,159                                | 549                       |
| Real Estate Appraisers Regulation Fund .....     | 7,638                     | 2,200                         | 3,738                             | 6,100                     | 32,578                           | 27,244                               | 3,317                     | 20,191                           | 27,706                               | 14,136                    |
| Real Estate Commissioner's Fund .....            | 8,029                     | 34,002                        | 25,714                            | 16,317                    | 7,144                            | 9,434                                | 21,651                    | 7,266                            | 7,295                                | 20,616                    |
| Recycling Market Development Rev Loan .....      | 15,826                    | 6,795                         | -314                              | 22,935                    | 7,144                            | 245                                  | 20,645                    | 182                              | 186                                  | 359                       |
| Reg Environmental Health Specialist Fd .....     | 132                       | 205                           | 150                               | 187                       | 421                              | 245                                  | 363                       | 182                              | 389                                  | 971                       |
| Registered Nurse Education Fund .....            | 635                       | 708                           | 612                               | 731                       | 686                              | 738                                  | 679                       | 12,689                           | 12,508                               | 12,671                    |
| Registered Nursing Fund, Board of .....          | 9,821                     | 12,849                        | 11,432                            | 11,238                    | 13,390                           | 12,138                               | 12,490                    | -                                | -                                    | -                         |
| Registered Veterinary Techn Exam Comm Fd .....   | 72                        | 121                           | 105                               | 88                        | -88                              | 150                                  | 254                       | 50                               | 150                                  | 154                       |
| Removal & Remedial Action Acct, HWCA .....       | 18                        | 412                           | 76                                | 354                       | 95,392                           | 94,182                               | 56,117                    | 112,033                          | 107,298                              | 60,852                    |
| Renewable Resource Trust Fund .....              | -                         | 66,549                        | 11,642                            | 54,907                    | 11,173                           | 11,173                               | -                         | 20,145                           | 20,145                               | -                         |
| Research & Devel Acct, Child&Fam 1st Trust ..... | -                         | -                             | -                                 | -                         | 20,421                           | 88,307                               | 19,442                    | 21,258                           | 32,888                               | 7,812                     |
| Research Acct, Cig & Tob Pr Surtax .....         | 82,028                    | 24,881                        | 19,581                            | 87,328                    | 7,415                            | 797                                  | 7,018                     | 150                              | 3,062                                | 4,106                     |
| Residential Earthquake Recovery Fund, CA .....   | 5,280                     | 2,396                         | 261                               | 7,415                     | 400                              | 797                                  | 728                       | 1,880                            | 1,679                                | 929                       |
| Respiratory Care Fund .....                      | 124                       | 1,888                         | 1,756                             | 256                       | 2,187                            | 1,715                                | 50,964                    | 97,701                           | 105,193                              | 43,472                    |
| Restitution Fund .....                           | 42,691                    | 88,837                        | 85,382                            | 46,146                    | 94,054                           | 89,236                               | -70                       | -                                | -                                    | -70                       |
| Retail Sales Tax Fund .....                      | -                         | -                             | 67                                | -67                       | -                                | 3                                    | -                         | -                                | -                                    | -                         |
| Rice Straw Demonstration Project Fund .....      | -                         | -                             | -200                              | -                         | -                                | 200                                  | -                         | -                                | -                                    | -                         |
| Rural Economic Development Fund .....            | 239                       | 185                           | 43                                | 381                       | 151                              | 482                                  | 50                        | 142                              | 169                                  | 23                        |
| Safe Drinking Water Account .....                | 2,935                     | 7,091                         | 6,919                             | 3,107                     | 7,500                            | 8,020                                | 2,587                     | 7,800                            | 7,932                                | 2,455                     |
| Salvage of Tobacco to Minors Control Acct .....  | 1,214                     | 182                           | 44                                | 1,352                     | 180                              | 186                                  | 1,346                     | 180                              | 127                                  | 1,399                     |
| Salmon & Steelhead Trout Restoration Acc .....   | -                         | 3,000                         | 3,000                             | -                         | 6,463                            | 6,463                                | -                         | 8,000                            | 8,000                                | -                         |
| Sawlife Wagering Account .....                   | 4,673                     | 13,174                        | 13,139                            | 4,708                     | 12,331                           | 11,478                               | 5,561                     | 12,808                           | 11,479                               | 6,890                     |
| Savings Association Spec Fund .....              | 494                       | -494                          | -                                 | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| School Fund, State .....                         | -                         | 9,647                         | 9,647                             | -                         | 7,702                            | 7,702                                | -                         | 7,702                            | 7,702                                | -                         |
| School Land Bank Fund .....                      | 17,003                    | 6,989                         | 5                                 | 23,987                    | 5,428                            | -                                    | 29,415                    | 3,695                            | 75                                   | 33,110                    |
| Seismic Gas Valve Cert Fee Acct .....            | -2                        | -                             | -                                 | -2                        | 77                               | 75                                   | -                         | 75                               | 75                                   | -                         |
| Seismic Hazards Identification Fund .....        | 800                       | 1,347                         | 1,066                             | 1,081                     | 1,590                            | 1,787                                | 884                       | 1,650                            | 1,791                                | 743                       |

**SCHEDULE 10—Continued**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1997, 1998, 1999 AND 2000**  
(Dollars in Thousands)

| Fund  | Reserves<br>June 30, 1997 | Actual<br>Revenues<br>1997-98 | Actual<br>Expenditures<br>1997-98 | Reserves<br>June 30, 1998 | Estimated<br>Revenues<br>1998-99 | Estimated<br>Expenditures<br>1998-99 | Reserves<br>June 30, 1999 | Estimated<br>Revenues<br>1999-00 | Estimated<br>Expenditures<br>1999-00 | Reserves<br>June 30, 2000 |
|---|---------------------------|-------------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|
| Seismic Safety Retrofit Account, STF .....      | 5,212                     | 703                           | -                                 | 5,915                     | 700                              | -                                    | 6,615                     | 700                              | -                                    | 7,315                     |
| Self-Insurance Plans Fund .....                 | 1,206                     | 1,755                         | 2,265                             | 696                       | 2,796                            | 2,809                                | 683                       | 2,814                            | 2,831                                | 666                       |
| Senate Operating Fund .....                     | -                         | -                             | -                                 | 308                       | -                                | -                                    | 308                       | -                                | -                                    | 308                       |
| Sexual Habitual Offender, DOJ .....             | 383                       | 1,814                         | 1,523                             | 674                       | 1,610                            | 1,526                                | 758                       | 1,610                            | 1,518                                | 850                       |
| Sexual Predator Public Information Acct .....   | 157                       | 73                            | 57                                | 173                       | 59                               | 51                                   | 181                       | 59                               | 48                                   | 192                       |
| Site Remediation Account .....                  | 2,115                     | 49                            | -                                 | 2,164                     | 50                               | 3                                    | 2,211                     | 50                               | 3                                    | 2,258                     |
| Site Remediation Account .....                  | -                         | -                             | -                                 | -                         | 6,750                            | 6,750                                | -                         | -                                | -                                    | -                         |
| Social Services Subaccount, Sales Tx Acc .....  | -                         | 604,875                       | 604,875                           | -                         | 674,182                          | 674,182                              | -                         | 679,350                          | 679,350                              | -                         |
| Soil Conservation Fund .....                    | 156                       | 1,208                         | 1,126                             | 238                       | 3,031                            | 2,980                                | 289                       | 1,107                            | 1,056                                | 340                       |
| Solid Waste Disposal Site Cleanup Tr Fd .....   | 8,785                     | 2,620                         | 3,714                             | 7,691                     | 5,627                            | 5,033                                | 8,285                     | 5,653                            | 5,039                                | 8,899                     |
| Special Equity Subaccount, STGA .....           | -                         | 2,151                         | 2,151                             | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Speech-Language Pathology & Audiology .....     | 477                       | 84                            | 289                               | 272                       | 490                              | 338                                  | 424                       | 554                              | 431                                  | 547                       |
| State Hospital Mental Health Equity, STGA ..... | -                         | 1,869                         | 1,869                             | -                         | 6,499                            | 6,499                                | -                         | 7,034                            | 7,034                                | -                         |
| Strang Marion Instrumentation Spec Fund .....   | 1,638                     | 3,214                         | 2,662                             | 2,190                     | 3,936                            | 2,720                                | 3,406                     | 4,086                            | 3,219                                | 4,273                     |
| Structural Pest Cntrl Educ&Enforcement Fd ..... | 233                       | 252                           | 268                               | 217                       | 239                              | 270                                  | 186                       | 274                              | 274                                  | 149                       |
| Structural Pest Control Device Fund .....       | -                         | 172                           | -                                 | 2,771                     | 3,222                            | 3,257                                | 2,736                     | 3,703                            | 2,806                                | 3,633                     |
| Structural Pest Control Fund .....              | 2,975                     | 2,910                         | 3,114                             | 176                       | 93                               | 93                                   | 176                       | 93                               | 94                                   | 175                       |
| Structural Pest Control Research Fund .....     | 439                       | 117                           | 380                               | 176                       | 93                               | 93                                   | 176                       | 93                               | 94                                   | 175                       |
| Subsequent Injuries Maney's Account .....       | 447                       | 3,769                         | 3,297                             | 919                       | 3,300                            | 3,300                                | 919                       | 3,300                            | 3,300                                | 919                       |
| Surface Impoundment Assessment Account .....    | 931                       | 21                            | 952                               | 952                       | 21                               | -                                    | 973                       | 21                               | -                                    | 994                       |
| Surface Mining and Reclamation Account .....    | 1,192                     | 2,042                         | 2,256                             | 978                       | 2,042                            | 2,376                                | 644                       | 2,042                            | 2,309                                | 377                       |
| Tax Credit Allocation Fee Account .....         | 12,561                    | 3,278                         | 1,382                             | 14,457                    | 3,278                            | 1,287                                | 16,448                    | 3,278                            | 1,362                                | 18,364                    |
| Tax Preparers Fund .....                        | 52                        | -52                           | -                                 | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Tax Relief and Refund Account .....             | -                         | 173                           | 173                               | -173                      | -                                | 182                                  | -355                      | -                                | -                                    | -355                      |
| Teacher Credentials Fund .....                  | 2,935                     | 16,310                        | 13,378                            | 5,867                     | 15,030                           | 15,654                               | 5,243                     | 11,816                           | 12,707                               | 4,352                     |
| Technical Assistance Fund .....                 | 784                       | 1,326                         | 809                               | 1,301                     | 1,390                            | 1,470                                | 1,221                     | 1,457                            | 1,393                                | 1,285                     |
| Test Development and Admin Acct, Tc Fd .....    | 1,615                     | 5,969                         | 5,969                             | 2,541                     | 8,423                            | 9,441                                | 1,523                     | 8,683                            | 8,644                                | 1,562                     |
| Tire Recycling Management Fund, Calif .....     | 6,561                     | 5,700                         | 7,842                             | 4,419                     | 6,479                            | 9,596                                | 1,302                     | 5,712                            | 5,527                                | 1,487                     |
| Tissue Bank License Fund .....                  | 132                       | 162                           | 63                                | 231                       | 130                              | 161                                  | 200                       | 130                              | 169                                  | 161                       |
| Title Insurance Fund .....                      | -                         | 280                           | 18                                | 282                       | 250                              | 247                                  | 265                       | 250                              | 260                                  | 255                       |
| Toll Bridge Seismic Retrofit Acct, STF .....    | -                         | 56,841                        | 24,797                            | 32,044                    | 228,593                          | 110,611                              | 150,026                   | 255,006                          | 405,032                              | -                         |
| Toxic Substances Control Account .....          | -                         | -                             | -                                 | -                         | 26,468                           | 24,691                               | 1,777                     | 33,600                           | 32,586                               | 2,791                     |
| Transcript Reimbursement Fund .....             | 133                       | 107                           | 140                               | 100                       | 307                              | 329                                  | 78                        | 307                              | 330                                  | 55                        |
| Transportation Rate Fund .....                  | 8,503                     | -6,241                        | 1,426                             | 836                       | 1,800                            | 1,781                                | 855                       | 1,836                            | 1,836                                | 819                       |
| Traumatic Brain Injury Fund .....               | 104                       | 500                           | 402                               | 202                       | 500                              | 500                                  | 202                       | 500                              | 500                                  | 202                       |
| Travel Seller Fund .....                        | 380                       | 933                           | 749                               | 564                       | 815                              | 784                                  | 595                       | 815                              | 770                                  | 640                       |
| Trial Court Improvement Fund .....              | -                         | 5,101                         | 5,101                             | -                         | 43,337                           | 43,337                               | -                         | 43,337                           | 43,337                               | -                         |
| Trustline Voluntary Registration Fund .....     | 16                        | 100                           | 116                               | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Unallocated Acct, Cig & Tab Pr Surfax .....     | 37,037                    | 89,458                        | 108,410                           | 18,085                    | 80,381                           | 98,466                               | -                         | 76,975                           | 75,432                               | 1,543                     |
| Unallocated Acct, Child & Fam First Trust ..... | -                         | -                             | -                                 | -                         | 7,449                            | 7,449                                | -                         | 13,430                           | 13,430                               | -                         |
| Underground Storage Tank Cleanup Fund .....     | 125,045                   | 179,526                       | 245,493                           | 59,078                    | 157,000                          | 211,912                              | 4,166                     | 185,000                          | 187,914                              | 1,252                     |
| Underground Storage Tank Fund .....             | 3,294                     | 97                            | 171                               | 3,220                     | 90                               | 435                                  | 2,875                     | 90                               | 431                                  | 2,534                     |
| Underground Storage Tank Tester Account .....   | 63                        | 38                            | 47                                | 54                        | 53                               | 51                                   | 56                        | 53                               | 51                                   | 58                        |
| Unified Program Account .....                   | 281                       | 1,435                         | 1,591                             | 125                       | 2,067                            | -200                                 | 200                       | 1,189                            | 1,453                                | 856                       |
| Upper Newport Bay Ecological Maint&Presv .....  | -                         | -                             | -                                 | -                         | -                                | -200                                 | -                         | -200                             | -200                                 | -                         |
| Used Oil Recycling Fund, California .....       | 37,854                    | 22,674                        | 20,376                            | 40,152                    | 23,286                           | 24,489                               | 38,949                    | 23,323                           | 24,689                               | 37,583                    |
| Vehicle Inspection and Repair Fund .....        | 587                       | 98,514                        | 95,514                            | 3,587                     | 102,864                          | 101,704                              | 4,747                     | 103,224                          | 103,064                              | 4,907                     |
| Vehicle License Collection Acct, LRF .....      | -                         | 14,000                        | 14,000                            | -                         | 14,000                           | 14,000                               | -                         | 14,000                           | 14,000                               | -                         |
| Vehicle License Fee Account .....               | -                         | 850,860                       | 850,860                           | -                         | 931,862                          | 931,862                              | -                         | 997,469                          | 997,469                              | -                         |
| Vehicle License Fee Growth Account .....        | -                         | 81,000                        | 81,000                            | -                         | 65,607                           | 65,607                               | -                         | 55,889                           | 55,889                               | -                         |
| Veterans Memorial Account .....                 | 473                       | 122                           | 595                               | -                         | -                                | -                                    | -                         | -                                | -                                    | -                         |
| Veterans Service Office Fund .....              | 53                        | 263                           | 221                               | 95                        | 272                              | 221                                  | 146                       | 279                              | 221                                  | 204                       |
| Veterinary Medical Board Canteen Fund .....     | 694                       | 1,215                         | 1,178                             | 731                       | 2,170                            | 1,323                                | 1,578                     | 1,388                            | 1,488                                | 1,478                     |
| Victim Witness Assistance Fund .....            | 912                       | 17,664                        | 16,967                            | 1,609                     | 18,401                           | 16,968                               | 3,042                     | 17,322                           | 16,947                               | 3,417                     |
| Vietnam Veterans Memorial Account .....         | 42                        | 3                             | 45                                | 45                        | 3                                | -                                    | 48                        | 3                                | -                                    | 51                        |
| Vocational Nurse Examiners Fund .....           | 640                       | 3,256                         | 2,959                             | 937                       | 3,798                            | 3,571                                | 1,164                     | 3,124                            | 3,651                                | 637                       |
| Waste Discharge Permit Fund .....               | 4,864                     | 10,682                        | 11,931                            | 3,615                     | 13,922                           | 15,394                               | 2,143                     | 14,358                           | 14,862                               | 1,639                     |
| Water Device Certification Special Acct .....   | 140                       | 171                           | 57                                | 254                       | 160                              | 137                                  | 277                       | 160                              | 140                                  | 297                       |

**SCHEDULE 10—Continued**  
**SUMMARY OF FUND CONDITION BY FUNDS AS OF JUNE 30, 1997, 1998, 1999 AND 2000**  
(Dollars in Thousands)

| Fund  | Reserves<br>June 30, 1997 | Actual<br>Revenues<br>1997-98 | Actual<br>Expenditures<br>1997-98 | Reserves<br>June 30, 1998 | Estimated<br>Revenues<br>1998-99 | Estimated<br>Expenditures<br>1998-99 | Reserves<br>June 30, 1999 | Estimated<br>Revenues<br>1999-00 | Estimated<br>Expenditures<br>1999-00 | Reserves<br>June 30, 2000 |
|---|---------------------------|-------------------------------|-----------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|----------------------------------|--------------------------------------|---------------------------|
| Water Fund, California.....                     | 2,423                     | 13,773                        | 13,131                            | 3,065                     | -1,545                           | -                                    | 1,520                     | -1,520                           | -                                    | -                         |
| Waterfowl Habitat Preservation Acct., Cal. .... | 2,777                     | 148                           | 156                               | 2,769                     | 162                              | 200                                  | 2,731                     | 148                              | 212                                  | 2,667                     |
| Wildlife Restoration Fund .....                 | 1,047                     | 1,246                         | 1,332                             | 961                       | 6,700                            | 7,437                                | 224                       | 1,890                            | 1,887                                | 227                       |
| Wine Safety Fund .....                          | 102                       | 200                           | 170                               | 132                       | 159                              | 186                                  | 105                       | 80                               | 90                                   | 95                        |
| Winter Recreation Fund .....                    | 10                        | 205                           | 150                               | 65                        | 225                              | 226                                  | 64                        | 225                              | 225                                  | 64                        |
| Workers' Camp Administration Revolut Fund ..... | 3,367                     | 22,520                        | 18,372                            | 7,515                     | 18,894                           | 18,236                               | 8,173                     | 18,894                           | 17,976                               | 9,091                     |
| Workers' Compensation Managed Care Fund .....   | 465                       | -205                          | 129                               | 131                       | 167                              | 214                                  | 84                        | 167                              | 220                                  | 31                        |
| Workplace Health & Safety Revalving Fund .....  | 1,765                     | 1,222                         | 892                               | 2,095                     | 1,222                            | 2,130                                | 1,187                     | 1,222                            | 981                                  | 1,428                     |
| Yosemite Foundation Acct., ELPF .....           | -1                        | 792                           | 791                               | -                         | 824                              | 824                                  | -                         | 840                              | 840                                  | -                         |
| <b>OTHER UNALLOCATED SPECIAL FUNDS</b>          |                           |                               |                                   |                           |                                  |                                      |                           |                                  |                                      |                           |
| Alternative Procurements for Infra Tech .....   | -                         | -                             | -                                 | -                         | -                                | 5,000                                | -5,000                    | -                                | -                                    | -5,000                    |
| Augmentation for Contingencies or Emerg. ....   | -                         | -                             | -                                 | -                         | -                                | 1,500                                | -1,500                    | -                                | 1,500                                | -3,000                    |
| Augmentation for Employee Compensation .....    | -                         | -                             | -                                 | -                         | -                                | 8,700                                | -8,700                    | -                                | 97,100                               | -105,800                  |
| Information Technology Century Change .....     | -                         | -                             | -                                 | -                         | -                                | 8,000                                | -8,000                    | -                                | -                                    | -8,000                    |
| Interest Payments to the Federal Govt .....     | -                         | -                             | -                                 | -                         | -                                | 1                                    | -1                        | -                                | 1                                    | -2                        |
| Major Revenues .....                            | -207                      | -                             | -                                 | -207                      | -                                | -                                    | -207                      | 11,400                           | -                                    | 11,193                    |
| PERS Surplus Asset Savings .....                | -                         | -                             | -                                 | -                         | -                                | -38,863                              | 38,863                    | -                                | -                                    | 38,863                    |
| State Controller .....                          | -                         | -                             | 200                               | -200                      | -                                | 177                                  | -377                      | -                                | 41                                   | -418                      |
| <b>Totals, Special Funds .....</b>              | <b>\$2,965,238</b>        | <b>\$14,451,269</b>           | <b>\$14,201,511</b>               | <b>\$3,214,996</b>        | <b>\$15,129,199</b>              | <b>\$14,930,080</b>                  | <b>\$3,414,115</b>        | <b>\$15,162,303</b>              | <b>\$15,741,329</b>                  | <b>\$2,835,089</b>        |
| <b>GRAND TOTALS .....</b>                       | <b>\$3,941,652</b>        | <b>\$69,423,852</b>           | <b>\$67,075,889</b>               | <b>\$6,289,615</b>        | <b>\$71,422,612</b>              | <b>\$73,200,726</b>                  | <b>\$4,511,501</b>        | <b>\$75,434,116</b>              | <b>\$76,216,039</b>                  | <b>\$3,729,578</b>        |

† See footnote on Master.



**Schedule 11**  
**STATEMENT OF GENERAL OBLIGATION BOND AND COMMERCIAL PAPER DEBT OF THE STATE OF CALIFORNIA**  
**(Dollars in Thousands)**

(This statement does not include bonds issued under authority of state instrumentalities  
that are not general obligations of the State of California)

| Fund                         | General Obligation Bonds          |                                 |             |             |                                    | Proposed Sales |                               | Commercial Paper <sup>6</sup> |             |
|------------------------------|-----------------------------------|---------------------------------|-------------|-------------|------------------------------------|----------------|-------------------------------|-------------------------------|-------------|
|                              | Maturity                          | Sales through December 31, 1998 |             | Redeemed    | after December 31, 1998<br>1998-99 | 1999-00        | Finance Cmte<br>Authorization | Total<br>Outstanding          |             |
|                              |                                   | Authorized                      | Unissued    |             |                                    |                |                               |                               | Outstanding |
| BUSINESS, TRANSP & HOUSING   |                                   |                                 |             |             |                                    |                |                               |                               |             |
| 0788                         | 1990-2010                         | \$150,000                       | -           | \$95,515    | -                                  | -              | -                             | -                             |             |
| 0703                         | 1991-2029                         | 1,990,000                       | \$696,720   | 1,062,685   | -                                  | \$200,000      | \$152,420                     | \$14,921                      |             |
| 0714                         | 1990-2001                         | 300,000                         | -           | 116,315     | -                                  | -              | -                             | -                             |             |
| 0714                         | 1991-2025                         | 150,000                         | -           | 82,375      | -                                  | -              | -                             | -                             |             |
| 0756                         | 1991-2029                         | 1,000,000                       | 54,900      | 696,700     | -                                  | -              | 54,900                        | 2,287                         |             |
| 0653                         | 1997-2029                         | 2,000,000                       | 1,305,145   | 681,500     | \$200,000                          | 350,000        | 857,145                       | 65,876                        |             |
|                              | Total, Business, Transp & Housing | \$5,590,000                     | \$2,056,765 | \$2,735,090 | \$200,000                          | \$550,000      | \$1,064,465                   | \$83,084                      |             |
| NATURAL RESOURCES            |                                   |                                 |             |             |                                    |                |                               |                               |             |
| 0722                         | 1985-2027                         | \$370,000                       | \$1,100     | \$208,810   | -                                  | -              | -                             | -                             |             |
| 0721                         | 1982-2024                         | 285,000                         | -           | 68,295      | -                                  | -              | -                             | -                             |             |
| 0707                         | 1981-2027                         | 175,000                         | 2,500       | 103,290     | -                                  | -              | \$2,500                       | -                             |             |
| 0707                         | 1986-2027                         | 75,000                          | -           | 42,580      | -                                  | -              | -                             | -                             |             |
| 0707                         | 1991-2026                         | 100,000                         | 8,000       | 69,665      | -                                  | -              | 8,000                         | -                             |             |
| 0793                         | 1991-2026                         | 75,000                          | 18,265      | 45,750      | -                                  | -              | 16,265                        | \$8,573                       |             |
| 0786                         | 1990-2026                         | 776,000                         | 39,980      | 528,925     | -                                  | -              | 25,126                        | -                             |             |
| 0734                         | 1972-2011                         | 250,000                         | -           | 6,500       | -                                  | -              | -                             | -                             |             |
| 0734                         | 1978-2011                         | 250,000                         | -           | 12,790      | -                                  | -              | -                             | -                             |             |
| 0740                         | 1986-2024                         | 325,000                         | -           | 126,175     | -                                  | -              | -                             | -                             |             |
| 0716                         | 1990-2022                         | 100,000                         | -           | 62,970      | -                                  | -              | -                             | -                             |             |
| 0748                         | 1986-2026                         | 85,000                          | 3,500       | 43,625      | -                                  | -              | 500                           | -                             |             |
| 0720                         | 1986-2027                         | 85,000                          | -           | 46,715      | -                                  | -              | -                             | -                             |             |
| 0402                         | 1998-2029                         | 995,000                         | 876,000     | 117,335     | \$100,000                          | -              | 169,000                       | 12,913                        |             |
| 0733                         | 1967-2003                         | 250,000                         | -           | 2,975       | -                                  | -              | -                             | -                             |             |
| 0742                         | 1978-2026                         | 280,000                         | 2,450       | 21,615      | -                                  | -              | 2,450                         | -                             |             |
| 0744                         | 1993-2027                         | 150,000                         | 47,000      | 71,620      | -                                  | -              | 15,000                        | -                             |             |
| 0790                         | 1991-2026                         | 60,000                          | 23,935      | 30,005      | -                                  | -              | 20,935                        | 6,514                         |             |
|                              | Total, Natural Resources          | \$4,686,000                     | \$1,022,730 | \$1,575,560 | -                                  | \$100,000      | \$259,776                     | \$28,000                      |             |
| ENVIRONMENTAL PROTECTION     |                                   |                                 |             |             |                                    |                |                               |                               |             |
| 0737                         | 1981-2029                         | \$375,000                       | -           | \$87,675    | -                                  | -              | -                             | -                             |             |
| 0764                         | 1991-2026                         | 65,000                          | \$12,505    | 39,885      | -                                  | -              | \$12,505                      | \$5,889                       |             |
| 0710                         | 1986-2005                         | 100,000                         | -           | 42,095      | -                                  | -              | -                             | -                             |             |
|                              | Total, Environmental Protection   | \$540,000                       | \$12,505    | \$169,655   | -                                  | -              | \$12,505                      | \$5,889                       |             |
| HEALTH AND HUMAN SERVICES    |                                   |                                 |             |             |                                    |                |                               |                               |             |
| 0729                         | 1986-2006                         | \$50,000                        | -           | \$19,750    | -                                  | -              | -                             | -                             |             |
|                              | Senior Center (1984)              |                                 | -           | \$19,750    | -                                  | -              | -                             | -                             |             |
|                              | Total, Health & Human Services    | \$50,000                        | -           | \$19,750    | -                                  | -              | -                             | -                             |             |
| YOUTH AND ADULT CORRECTIONAL |                                   |                                 |             |             |                                    |                |                               |                               |             |
| 0711                         | 1989-2029                         | \$495,000                       | -           | \$315,690   | -                                  | -              | -                             | -                             |             |
| 0796                         | 1991-2029                         | 500,000                         | \$7,880     | 356,580     | -                                  | -              | \$7,880                       | \$458                         |             |
| 0725                         | 1984-2011                         | 280,000                         | -           | 119,525     | -                                  | -              | -                             | -                             |             |
| 0727                         | 1986-2009                         | 250,000                         | -           | 109,500     | -                                  | -              | -                             | -                             |             |
| 0723                         | 1983-2006                         | 495,000                         | -           | 153,000     | -                                  | -              | -                             | -                             |             |
| 0724                         | 1985-2006                         | 300,000                         | -           | 107,500     | -                                  | -              | -                             | -                             |             |
| 0746                         | 1989-2027                         | 500,000                         | 1,500       | 297,665     | -                                  | -              | 1,500                         | -                             |             |

**Schedule 11—Continued**  
**STATEMENT OF GENERAL OBLIGATION BOND AND COMMERCIAL PAPER DEBT OF THE STATE OF CALIFORNIA**  
**(Dollars in Thousands)**

(This statement does not include bonds issued under authority of state instrumentalities that are not general obligations of the State of California)

| Fund  | Maturity  | General Obligation Bonds        |                     |                     |                         | Proposed Sales     |                    | Commercial Paper <sup>6</sup> |           |
|---|-----------|---------------------------------|---------------------|---------------------|-------------------------|--------------------|--------------------|-------------------------------|-----------|
|   |           | Sales through December 31, 1998 |                     | Redeemed            | after December 31, 1998 | 1999-00            | 1999-00            | Finance Cmte                  | Total     |
|   |           | Authorized                      | Unissued            |                     |                         |                    |                    | Authorization                 |           |
| 0747 New Prison Construction (1988)               | 1991-2026 | 817,000                         | 519,725             | 281,275             | -                       | -                  | -                  | 7,600                         | 562       |
| 0751 New Prison Construction (1990)               | 1991-2026 | 450,000                         | 279,350             | 130,550             | -                       | -                  | \$25,000           | 40,100                        | 16,203    |
| Total, Youth & Adult Correctional                 |           | \$4,087,000                     | \$2,258,535         | \$1,762,985         | -                       | -                  | \$25,000           | \$57,080                      | \$17,223  |
| <b>EDUCATION—K-12</b>                             |           |                                 |                     |                     |                         |                    |                    |                               |           |
| 0794 Ca Library Constr & Renov (1988)             | 1991-2026 | \$75,000                        | \$8,625             | \$16,000            | -                       | -                  | -                  | \$6,725                       | \$5,731   |
| 0657 Public Education Facil (1996)                | 1997-2027 | 2,025,000                       | 239,735             | 68,875              | \$100,000               | \$125,000          | -                  | 472,735                       | 234,269   |
| Class Reduction 1998 (K-12)                       | -         | 6,700,000                       | 6,700,000           | -                   | 800,000                 | 800,000            | -                  | 1,250,000                     | -         |
| 0739 School Bldg & Earthquake (1974)              | 1997-2026 | 40,000                          | -                   | 2,670               | -                       | -                  | -                  | -                             | -         |
| 0789 School Facilities (1988)                     | 1990-2011 | 800,000                         | -                   | 315,435             | -                       | -                  | -                  | -                             | -         |
| 0708 School Facilities (1990)                     | 1992-2026 | 800,000                         | 24,000              | 233,540             | -                       | -                  | -                  | 55,000                        | 34,447    |
| 0745 School Facilities (1992)                     | 1984-2005 | 1,900,000                       | 65,000              | 400,945             | -                       | -                  | -                  | 65,000                        | -         |
| 0743 State Sch Bldg Lease-Purch (1982)            | 1987-2011 | 450,000                         | -                   | 379,825             | -                       | -                  | -                  | -                             | -         |
| 0743 State Sch Bldg Lease-Purch (1984)            | 1990-2011 | 800,000                         | -                   | 235,000             | -                       | -                  | -                  | -                             | -         |
| 0743 State Sch Bldg Lease-Purch (1986)            | 1991-2025 | 800,000                         | -                   | 333,200             | -                       | -                  | -                  | -                             | -         |
| 0776 1988 School Focil Bond Act (Nov)             | 1991-2025 | 800,000                         | 45,000              | 270,465             | -                       | -                  | -                  | 45,000                        | 8,317     |
| 0774 1990 School Focil Bond Act (Jun)             | 1991-2025 | 800,000                         | 34,745              | 260,910             | -                       | 50,000             | -                  | 34,745                        | 12,123    |
| 0765 1992 School Focil Bond Act (Nov)             | 1994-2025 | 900,000                         | 65,094              | 143,715             | -                       | -                  | -                  | 65,094                        | 31,527    |
| Total, Education—K-12                             |           | \$16,590,000                    | \$7,182,199         | \$2,660,580         | \$900,000               | \$975,000          | -                  | \$1,994,299                   | \$326,414 |
| <b>HIGHER EDUCATION</b>                           |           |                                 |                     |                     |                         |                    |                    |                               |           |
| 0782 Higher Education Focil (1986)                | 1989-2011 | \$400,000                       | -                   | \$176,500           | -                       | -                  | -                  | -                             | -         |
| 0785 Higher Education Focil (1988)                | 1990-2026 | 600,000                         | \$11,705            | 210,775             | -                       | -                  | -                  | \$4,705                       | \$800     |
| 0791 Higher Education Focil (Jun 1990)            | 1991-2026 | 450,000                         | 21,500              | 137,705             | -                       | -                  | -                  | 14,500                        | 9,424     |
| 0705 Higher Education Focil (Jun 1992)            | 1993-2026 | 900,000                         | 106,120             | 672,765             | -                       | \$25,000           | -                  | 83,420                        | 67,725    |
| 0658 Public Education Focil (1996)                | 1997-2026 | 975,000                         | 673,770             | 680                 | -                       | 100,000            | -                  | 486,070                       | 300,277   |
| Class Reduction 1998 (Hi-Ed)                      | -         | 2,500,000                       | -                   | -                   | -                       | -                  | -                  | 130,000                       | -         |
| Total, Higher Education                           |           | \$5,825,000                     | \$3,313,095         | \$646,775           | -                       | \$125,000          | -                  | \$718,695                     | \$378,226 |
| <b>GENERAL GOVERNMENT</b>                         |           |                                 |                     |                     |                         |                    |                    |                               |           |
| 0768 Earthquake Safety & Public Bldg Rehab (1990) | 1991-2020 | \$300,000                       | \$205,000           | \$11,600            | -                       | \$225,000          | -                  | \$115,000                     | \$45,916  |
| Total, General Government                         |           | \$300,000                       | \$205,000           | \$11,600            | -                       | \$225,000          | -                  | \$115,000                     | \$45,916  |
| Total, All Agencies                               |           | \$37,668,000                    | \$13,857,774        | \$8,355,885         | \$1,100,000             | \$2,000,000        | -                  | \$4,221,820                   | \$884,752 |
| <b>PARTIALLY SELF-LIQUIDATING BONDS</b>           |           |                                 |                     |                     |                         |                    |                    |                               |           |
| State School Building Aid Bonds <sup>2</sup>      | 1955-2001 | \$110,000                       | -                   | \$106,250           | -                       | -                  | -                  | -                             | -         |
| <b>SELF-LIQUIDATING BONDS <sup>3</sup></b>        |           |                                 |                     |                     |                         |                    |                    |                               |           |
| Co Water Resources Dev (1959)                     | 1973-2024 | \$1,750,000                     | \$167,600           | \$583,470           | -                       | no <sup>5</sup>    | -                  | -                             | -         |
| Harbor Development (1958) <sup>4</sup>            | 1964-1998 | 60,000                          | -                   | 60,000              | -                       | no <sup>5</sup>    | -                  | -                             | -         |
| Veterans Bonds                                    | 1958-2027 | 5,610,000                       | 301,500             | 2,473,480           | -                       | no <sup>5</sup>    | -                  | -                             | -         |
| Total, Partially & Self-Liquidating Bonds         |           | \$7,530,000                     | \$469,100           | \$3,223,200         | -                       | -                  | -                  | -                             | -         |
| <b>TOTAL</b>                                      |           | <b>\$45,198,000</b>             | <b>\$14,326,874</b> | <b>\$11,579,085</b> | <b>\$1,100,000</b>      | <b>\$2,000,000</b> | <b>\$4,221,820</b> | <b>\$884,752</b>              |           |

<sup>1</sup> The partially self-liquidating State School Building Aid Bond of 1974 was repealed and reenacted as a general obligation bond pursuant to Chapter 552, Statutes of 1995. Chapter 1, Statutes of 1996, expended the purposes for which the \$40 million then unissued 1974 bond could be sold and included seismic safety upgrades in schools.

<sup>2</sup> The state school building aid bonds debt service payments are partially refinanced with funds of the borrowing school districts over a 30- to 40-year repayment period as prescribed by statutes. The total authorized amount has been reduced by \$40 million which is now authorized as the School Building Aid and Earthquake Reconstruction and Replacement Bond Law of 1974. See footnote 1 for further detail.

<sup>3</sup> The California Water Resource Development Bond Act, the San Francisco Harbor Improvement Acts, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service expenditures.

<sup>4</sup> The Harbor Development Bond Law of 1958 includes an authorization of \$50 million for San Francisco Harbor development and \$10 million for the development of small craft harbors as provided by Chapter 103, Statutes of 1958, First Extraordinary Session.

<sup>5</sup> Amounts not available as of December 31, 1998.

<sup>6</sup> These amounts are estimates.

**Schedule 12-A**  
**STATE APPROPRIATIONS LIMIT SUMMARY**  
(Dollars in Millions)

|  | 1997-98         |                 |                 | 1998-99         |                 |                 | 1999-00         |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | General Fund    | Special Funds   | Total           | General Fund    | Special Funds   | Total           | General Fund    | Special Funds   | Total           |
| <b>Schedule 8:</b>                             |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Revenues and Transfers .....                   | \$54,973        | \$14,451        | \$69,424        | \$56,293        | \$15,129        | \$71,422        | \$60,272        | \$15,162        | \$75,434        |
| Less/Add: Transfers .....                      | -135            | 49              | -86             | 117             | -123            | -6              | -107            | 57              | -50             |
| <b>Schedule 12-B:</b>                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Less: Revenues to Excluded Funds .....         | -               | -3,722          | -3,722          | -               | -4,262          | -4,262          | -               | -4,621          | -4,621          |
| <b>Schedule 12-C:</b>                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Less: Non-Tax Revenues in Included Funds ..... | -673            | -319            | -992            | -471            | -328            | -799            | -1,208          | -324            | -1,532          |
| <b>Schedule 12-D:</b>                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Add: SAL Transfers .....                       | 26              | 4               | 30              | 16              | 4               | 20              | 17              | 4               | 21              |
| <b>TOTAL, SAL REVENUES AND TRANSFERS .....</b> | <b>\$54,191</b> | <b>\$10,463</b> | <b>\$64,654</b> | <b>\$55,955</b> | <b>\$10,420</b> | <b>\$66,375</b> | <b>\$58,974</b> | <b>\$10,278</b> | <b>\$69,252</b> |
| <b>Schedule 12-E:</b>                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Less: Exclusions .....                         | -18,502         | -5,417          | -23,919         | -20,440         | -5,138          | -25,578         | -21,477         | -4,849          | -26,326         |
| <b>TOTAL, SAL APPROPRIATIONS .....</b>         |                 |                 | <b>\$40,735</b> |                 |                 | <b>\$40,797</b> |                 |                 | <b>\$42,926</b> |
| <b>CALCULATION OF LIMIT ROOM:</b>              |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Appropriations Limit (Sec. 12.00) .....        |                 |                 | \$44,778        |                 |                 | \$47,573        |                 |                 | \$50,052        |
| Less: Total SAL Appropriations .....           |                 |                 | -40,735         |                 |                 | -40,797         |                 |                 | -42,926         |
| Appropriation Limit Room/(Surplus) .....       |                 |                 | \$4,043         |                 |                 | \$6,776         |                 |                 | \$7,126         |



**Schedule 12-B**  
**STATE APPROPRIATIONS LIMIT**  
**REVENUES TO EXCLUDED FUNDS**  
(Dollars In Thousands)

| Source Code                           | Source  | Actual<br>1997-98  | Estimated<br>1998-99 | Estimated<br>1999-00 |
|---------------------------------------|---|--------------------|----------------------|----------------------|
| <b>MAJOR REVENUES:</b>                |   |                    |                      |                      |
| 110500                                | Cigarette Tax .....                               | \$450,000          | \$772,000            | \$1,065,000          |
| 110900                                | Horse Racing Fees-Licenses .....                  | 27,198             | 26,856               | 27,394               |
| 111100                                | Horse Racing Fines and Penalties .....            | 948                | 938                  | 949                  |
| 111300                                | Horse Racing Miscellaneous .....                  | 9,046              | 9,177                | 9,409                |
| 114300                                | Other Motor Vehicle Fees .....                    | 818                | 840                  | 840                  |
|                                       | <b>TOTAL, MAJOR TAXES AND LICENSES.....</b>       | <b>\$488,010</b>   | <b>\$809,811</b>     | <b>\$1,103,592</b>   |
| <b>MINOR REVENUES:</b>                |   |                    |                      |                      |
| <b>REGULATORY TAXES AND LICENSES:</b> |   |                    |                      |                      |
| 120200                                | General Fish and Game Taxes .....                 | \$1,875            | \$2,128              | \$2,240              |
| 120300                                | Energy Resource Surcharge .....                   | 146,047            | 192,824              | 216,312              |
| 120600                                | Quarterly Public Util Commission Fees .....       | 63,930             | 63,868               | 64,048               |
| 120700                                | Penalties on Public Util Comm Qtrly Fees .....    | 1                  | -                    | -                    |
| 120900                                | Off-Highway Vehicle Fees .....                    | 1,546              | 1,329                | 1,329                |
| 121000                                | Liquor License Fees .....                         | 33,737             | 34,050               | 34,050               |
| 121100                                | Genetic Disease Testing Fees .....                | 52,891             | 53,605               | 54,089               |
| 121200                                | Other Regulatory Taxes .....                      | 43,727             | 42,793               | 48,217               |
| 121300                                | New Motor Vehicle Dealer License Fee .....        | 1,490              | 1,493                | 1,488                |
| 121500                                | General Fish and Game Lic Togs Permits .....      | 66,379             | 73,061               | 73,529               |
| 122400                                | Elevator and Boiler Inspection Fees .....         | 9,063              | 9,685                | 9,840                |
| 122700                                | Employment Agency License Fees .....              | 651                | 880                  | 944                  |
| 122900                                | Teacher Credential Fees .....                     | 13,435             | 12,279               | 10,329               |
| 123000                                | Teacher Exomination Fees .....                    | 6,752              | 8,328                | 8,588                |
| 123100                                | Insurance Co License Fees & Penalties .....       | 20,561             | 21,602               | 21,620               |
| 123200                                | Insurance Company Exomination Fees .....          | 15,717             | 16,584               | 17,853               |
| 123400                                | Division of Real Estate Exomination Fees .....    | 3,171              | 2,940                | 3,301                |
| 123500                                | Div of Real Estate License Fees .....             | 24,353             | 15,038               | 9,964                |
| 123600                                | Subdivision Filing Fees .....                     | 6,036              | 6,082                | 6,187                |
| 123800                                | Building Construction Filing Fees .....           | 2,845              | 2,602                | 2,602                |
| 124100                                | Domestic Corporation Fees .....                   | 5,497              | 5,662                | 5,662                |
| 124200                                | Foreign Corporation Fees .....                    | 968                | 997                  | 997                  |
| 124300                                | Notary Public License Fees .....                  | 931                | 995                  | 995                  |
| 124400                                | Filing Financing Statements .....                 | 8,256              | 8,250                | 8,250                |
| 125100                                | Beverage Container Redemption Fees .....          | 367,767            | 355,459              | 357,970              |
| 125300                                | Processing Fees .....                             | 15,457             | 22,985               | 46,033               |
| 125400                                | Hazardous Waste Control Fees .....                | 39,662             | 49,270               | 49,640               |
| 125600                                | Other Regulatory Fees .....                       | 425,011            | 426,656              | 433,969              |
| 125700                                | Other Regulatory Licenses and Permits .....       | 239,173            | 299,928              | 304,678              |
| 125800                                | Renewal Fees .....                                | 118,912            | 118,529              | 128,167              |
| 125900                                | Delinquent Fees .....                             | 2,516              | 2,497                | 2,486                |
| 127100                                | Insurance Department Fees, Prop 103 .....         | 21,137             | 21,602               | 21,254               |
| 127200                                | Insurance Department Fees, General .....          | 11,501             | 12,017               | 12,085               |
| 127300                                | Insurance Fraud Assessment, Workers Comp .....    | 28,553             | 28,500               | 28,500               |
| 127400                                | Insurance Fraud Assessment, Auto .....            | 16,330             | 17,497               | 18,318               |
| 127500                                | Insurance Fraud Assessment, General .....         | 1,566              | 1,549                | 1,549                |
|                                       | <b>TOTAL, REGULATORY TAXES AND LICENSES .....</b> | <b>\$1,817,444</b> | <b>\$1,933,564</b>   | <b>\$2,007,083</b>   |
| <b>REVENUES FROM LOCAL AGENCIES:</b>  |   |                    |                      |                      |
| 130600                                | Architecture Public Building Fees .....           | \$30,942           | \$29,039             | \$31,477             |
| 130700                                | Penalties on Traffic Violations .....             | 79,639             | 84,019               | 86,233               |
| 130800                                | Penalties on Felony Convictions .....             | 35,064             | 38,088               | 39,088               |
| 130900                                | Fines-Crimes of Public Offense .....              | 7,387              | 7,426                | 8,426                |
| 131000                                | Fish and Game Violation Fines .....               | 399                | 399                  | 399                  |
| 131100                                | Penalty Assessments on Fish & Game Fines .....    | 669                | 698                  | 717                  |
| 131200                                | Interest on Loans to Local Agencies .....         | 277                | -                    | -                    |

**Schedule 12-B—Continued  
STATE APPROPRIATIONS LIMIT  
REVENUES TO EXCLUDED FUNDS  
(Dollars In Thousands)**

| Source<br>Code             | Source   | Actual<br>1997-98  | Estimated<br>1998-99 | Estimated<br>1999-00 |
|----------------------------|--|--------------------|----------------------|----------------------|
| 131300                     | Add'l Assmnts on Fish & Game Fines.....                              | 56                 | 60                   | 65                   |
| 131600                     | Fingerprint ID Card Fees.....  | 40,336             | 37,105               | 35,864               |
| 131700                     | Misc Revenue From Local Agencies.....                                | 9,466              | 31,902               | 32,117               |
|                            | <b>TOTAL, REVENUES FROM LOCAL AGENCIES .....</b>                     | <b>\$204,235</b>   | <b>\$228,736</b>     | <b>\$234,386</b>     |
| SERVICES TO THE PUBLIC:    |  |                    |                      |                      |
| 140600                     | State Beach and Park Service Fees.....                               | \$47,848           | \$52,815             | \$55,118             |
| 140900                     | Parking Lot Revenues.....  | 5,738              | 7,551                | 7,871                |
| 141200                     | Sales of Documents.....  | 1,131              | 1,094                | 1,128                |
| 142000                     | General Fees-Secretary of State.....                                 | 11,362             | 11,460               | 11,460               |
| 142200                     | Parental Fees.....   | 2,224              | 2,100                | 2,250                |
| 142500                     | Miscellaneous Services to the Public.....                            | 74,491             | 136,910              | 138,618              |
| 142800                     | California State University Fees.....                                | 639,285            | 632,795              | 652,217              |
| 143000                     | Personalized License Plates.....                                     | 32,075             | 32,037               | 31,333               |
|                            | <b>TOTAL, SERVICES TO THE PUBLIC.....</b>                            | <b>\$814,154</b>   | <b>\$876,762</b>     | <b>\$899,995</b>     |
| USE OF PROPERTY AND MONEY: |  |                    |                      |                      |
| 150200                     | Income From Pooled Money Investments.....                            | \$836              | \$1,024              | \$913                |
| 150300                     | Income From Surplus Money Investments.....                           | 76,488             | 71,992               | 76,636               |
| 150400                     | Interest Income From Loans.....                                      | 2,809              | 2,780                | 3,328                |
| 150600                     | Income From Other Investments.....                                   | 696                | 3,038                | 10,057               |
| 151200                     | Income From Condemnation Deposits Fund.....                          | 3                  | 3                    | 3                    |
| 151800                     | Federal Lands Royalties.....   | 18,455             | 16,699               | 16,697               |
| 152200                     | Rentals of State Property.....                                       | 2,564              | 2,115                | 2,052                |
| 152300                     | Misc Revenue From Use of Property & Money.....                       | 12,895             | 16,580               | 13,388               |
| 152400                     | School Lands Royalties.....  | 24                 | 20                   | 22                   |
| 152500                     | State Lands Royalties.....   | 27,686             | 6,463                | 9,936                |
|                            | <b>TOTAL, USE OF PROPERTY AND MONEY.....</b>                         | <b>\$142,456</b>   | <b>\$120,714</b>     | <b>\$133,032</b>     |
| MISCELLANEOUS:             |  |                    |                      |                      |
| 160200                     | Penalties & Interest on UI & DI Contrib.....                         | \$54,571           | \$54,117             | \$52,357             |
| 160400                     | Sale of Fixed Assets.....  | 44                 | 36                   | 36                   |
| 160500                     | Sale of Confiscated Property.....                                    | 24                 | 17                   | 17                   |
| 160600                     | Sale of State's Public Lands.....                                    | 64                 | 4,050                | 2,050                |
| 161000                     | Escheat of Unclaimed Checks & Warrants.....                          | 2,199              | 278                  | 226                  |
| 161300                     | Subsequent Injuries Revenue.....                                     | 3,769              | 3,300                | 3,300                |
| 161400                     | Miscellaneous Revenue.....   | 81,943             | 122,917              | 71,282               |
| 161800                     | Penalties & Intrst on Personal Income Tax.....                       | 19,541             | 20,013               | 20,426               |
| 161900                     | Other Revenue-Cost Recoveries.....                                   | 20,880             | 14,675               | 17,969               |
| 164100                     | Traffic Violations.....  | 3,570              | 4,000                | 4,000                |
| 164200                     | Parking Violations.....  | 248                | 75                   | 75                   |
| 164300                     | Penalty Assessments.....   | 64,777             | 66,803               | 68,811               |
| 164400                     | Civil & Criminal Violation Assessment.....                           | 3,577              | 1,910                | 2,345                |
|                            | <b>TOTAL, MISCELLANEOUS.....</b>                                     | <b>\$255,207</b>   | <b>\$292,191</b>     | <b>\$242,894</b>     |
|                            | <b>TOTAL, MINOR REVENUES.....</b>                                    | <b>\$3,233,496</b> | <b>\$3,451,967</b>   | <b>\$3,517,390</b>   |
|                            | <b>TOTALS, REVENUES TO EXCLUDED FUNDS<br/>(MAJOR and MINOR).....</b> | <b>\$3,721,506</b> | <b>\$4,261,778</b>   | <b>\$4,620,982</b>   |

**Schedule 12-C**  
**STATE APPROPRIATIONS LIMIT**  
**NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT**  
**(Dollars In Thousands)**

| Source Code                                | Source   | Actual<br>1997-98 |               | Estimated<br>1998-99 |               | Estimated<br>1999-00 |               |
|--|--|-------------------|---------------|----------------------|---------------|----------------------|---------------|
|  |  | General Fund      | Special Funds | General Fund         | Special Funds | General Fund         | Special Funds |
| MAJOR REVENUES:                            |  |                   |               |                      |               |                      |               |
| 111100                                     | Harse Racing Fines and Penalties.....          | \$98              | -             | \$104                | -             | -                    | -             |
| 111200                                     | Harse Racing Fees-Unclaimed P-M Tickets.....   | 354               | -             | 408                  | -             | -                    | -             |
| 111300                                     | Harse Racing Miscellaneous.....                | 14                | -             | 13                   | -             | -                    | -             |
| 114200                                     | Driver's License Fees.....                     | -                 | \$139,299     | -                    | \$143,000     | -                    | \$146,000     |
| 114300                                     | Other Matar Vehicle Fees.....                  | -                 | 35,945        | -                    | 36,000        | -                    | 36,000        |
| 114400                                     | Identification Card Fees .....                 | -                 | 6,841         | -                    | 6,900         | -                    | 6,800         |
| TOTAL, MAJOR TAXES AND LICENSES .....      |  | \$466             | \$182,085     | \$525                | \$185,900     | -                    | \$188,800     |
| MINOR REVENUES:                            |  |                   |               |                      |               |                      |               |
| REGULATORY TAXES AND LICENSES:             |  |                   |               |                      |               |                      |               |
| 120800                                     | Hwy Carrier Uniform Business License Tax.....  | \$292             | -             | \$300                | -             | \$300                | -             |
| 120900                                     | Off-Highway Vehicle Fees.....                  | -                 | \$1,964       | -                    | \$1,900       | -                    | \$1,800       |
| 121200                                     | Other Regulatory Taxes .....                   | 11,042            | -             | 10,977               | -             | 10,977               | -             |
| 122400                                     | Elevatar and Bailor Inspection Fees .....      | 206               | -             | 206                  | -             | 210                  | -             |
| 122600                                     | Industrial Hamework Fees .....                 | 3                 | -             | 3                    | -             | 3                    | -             |
| 122700                                     | Employment Agency License Fees .....           | 599               | -             | 599                  | -             | 600                  | -             |
| 122800                                     | Employment Agency Filing Fees.....             | 98                | -             | 98                   | -             | 100                  | -             |
| 124500                                     | Candidate Filing Fee.....                      | 637               | -             | 15                   | -             | 450                  | -             |
| 125200                                     | Explosive Permit Fees.....                     | 4                 | -             | 5                    | -             | 5                    | -             |
| 125600                                     | Other Regulatory Fees .....                    | 79,609            | -             | 9,521                | -             | 9,535                | -             |
| 125700                                     | Other Regulatory Licenses and Permits.....     | 30,749            | 18,623        | 33,892               | 18,480        | 34,118               | 18,543        |
| 125900                                     | Delinquent Fees .....                          | 1                 | -             | 1                    | -             | 1                    | -             |
| TOTAL, REGULATORY TAXES AND LICENSES ..... |  | \$123,240         | \$20,587      | \$55,617             | \$20,380      | \$56,299             | \$20,343      |
| REVENUES FROM LOCAL AGENCIES:              |  |                   |               |                      |               |                      |               |
| 130100                                     | Trial Court Revenues .....                     | \$178,062         | -             | -                    | -             | -                    | -             |
| 131500                                     | Narcatic Fines.....                            | 2,415             | -             | \$2,398              | -             | \$2,398              | -             |
| 131700                                     | Misc Revenue Fram Lacal Agencies.....          | 2,793             | \$500         | 2,267                | \$500         | 2,267                | \$500         |
| 131900                                     | Rev Local Govt Agencies-Cost Recaveries .....  | 4,511             | -             | 3,383                | -             | 3,383                | -             |
| TOTAL, REVENUES FROM LOCAL AGENCIES .....  |  | \$187,781         | \$500         | \$8,048              | \$500         | \$8,048              | \$500         |
| SERVICES TO THE PUBLIC:                    |  |                   |               |                      |               |                      |               |
| 140100                                     | Pay Patients Baard Charges .....               | \$17,545          | -             | \$17,286             | -             | \$15,058             | -             |
| 141000                                     | Fire Prevention and Suppression.....           | 115               | -             | 100                  | -             | 100                  | -             |
| 141200                                     | Sales of Documents.....                        | 410               | \$1,037       | 410                  | \$1,141       | 410                  | \$1,113       |
| 142000                                     | General Fees-Secretary of State .....          | 38                | -             | 40                   | -             | 40                   | -             |
| 142300                                     | Guardianship Fees .....                        | 12                | -             | 12                   | -             | 12                   | -             |
| 142500                                     | Miscellaneous Services ta the Public .....     | 4,617             | 55,994        | 4,411                | 55,913        | 4,394                | 54,947        |
| 142600                                     | Receipts Fram Health Care Deposit Fund.....    | 8,000             | -             | 8,000                | -             | 8,000                | -             |
| 142700                                     | Medicare Receipts Fram Federal Government..... | 8,055             | -             | 6,400                | -             | 6,400                | -             |
| TOTAL, SERVICES TO THE PUBLIC.....         |  | \$38,792          | \$57,031      | \$36,659             | \$57,054      | \$34,414             | \$56,060      |
| USE OF PROPERTY AND MONEY:                 |  |                   |               |                      |               |                      |               |
| 152000                                     | Oil & Gas Lease-1% Revenue City/County .....   | \$154             | -             | \$91                 | -             | \$100                | -             |
| 152200                                     | Rentals af State Property .....                | 6,508             | \$24,471      | 6,764                | \$24,516      | 6,904                | \$23,064      |
| 152300                                     | Misc Revenue Fram Use af Property & Maney ..   | 22,135            | 19,311        | 24,000               | 19,300        | 24,000               | 19,300        |
| 152500                                     | State Lands Royalties .....                    | 9,595             | -             | 9,614                | -             | 9,614                | -             |
| TOTAL, USE OF PROPERTY AND MONEY .....     |  | \$38,392          | \$43,782      | \$40,469             | \$43,816      | \$40,618             | \$42,364      |
| MISCELLANEOUS:                             |  |                   |               |                      |               |                      |               |
| 160400                                     | Sale af Fixed Assets.....                      | \$2,320           | -             | \$28,551             | -             | \$261,205            | -             |
| 160500                                     | Sale af Confiscated Property.....              | 5,503             | -             | 5,507                | -             | 5,507                | -             |



**Schedule 12-C—Continued**  
**STATE APPROPRIATIONS LIMIT**  
**NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT**  
**(Dollars In Thousands)**

| Source<br>Code | Source  | Actual<br>1997-98 |                  | Estimated<br>1998-99 |                  | Estimated<br>1999-00 |                  |
|----------------|---|-------------------|------------------|----------------------|------------------|----------------------|------------------|
|                |   | General<br>Fund   | Special<br>Funds | General<br>Fund      | Special<br>Funds | General<br>Fund      | Special<br>Funds |
| 160600         | Sale of State's Public Lands .....                                | -                 | \$56             | -                    | \$250            | -                    | \$250            |
| 160700         | Proceeds From Estates of Deceased Person .....                    | 1,641             | -                | 1,000                | -                | 1,000                | -                |
| 160900         | Revenue-Abandoned Property .....                                  | 191,682           | -                | 235,500              | -                | 180,000              | -                |
| 161000         | Escheat of Unclaimed Checks & Warrants .....                      | 4,588             | 82               | 4,394                | 65               | 4,394                | 65               |
| 161400         | Miscellaneous Revenue .....                                       | 55,420            | 15,030           | 34,302               | 19,913           | 595,589              | 15,352           |
| 164000         | Uninsured Motorist Fees .....                                     | 2,430             | -                | 2,500                | -                | 2,500                | -                |
| 164200         | Parking Violations .....  | 4,503             | -                | 4,703                | -                | 4,703                | -                |
| 164300         | Penalty Assessments .....   | 14,206            | -                | 13,046               | -                | 13,046               | -                |
| 164400         | Civil & Criminal Violation Assessment .....                       | 2,204             | -                | 250                  | -                | 250                  | -                |
|                | <b>TOTAL, MISCELLANEOUS .....</b>                                 | <b>\$284,497</b>  | <b>\$15,168</b>  | <b>\$329,753</b>     | <b>\$20,228</b>  | <b>\$1,068,194</b>   | <b>\$15,667</b>  |
|                | <b>TOTAL, MINOR REVENUES .....</b>                                | <b>\$672,702</b>  | <b>\$137,068</b> | <b>\$470,546</b>     | <b>\$141,978</b> | <b>\$1,207,573</b>   | <b>\$134,934</b> |
|                | <b>TOTALS, NON-TAX REVENUES</b><br><b>(MAJOR and MINOR) .....</b> | <b>\$673,168</b>  | <b>\$319,153</b> | <b>\$471,071</b>     | <b>\$327,878</b> | <b>\$1,207,573</b>   | <b>\$323,734</b> |

**Schedule 12-D**  
**STATE APPROPRIATIONS LIMIT**  
**TRANSFERS FROM EXCLUDED FUNDS TO INCLUDED FUNDS**  
**(Dollars in Thousands)**

|   | Actual<br>1997-98 |                  | Estimated<br>1998-99 |                  | Estimated<br>1999-00 |                  |
|---|-------------------|------------------|----------------------|------------------|----------------------|------------------|
|   | General<br>Fund   | Special<br>Funds | General<br>Fund      | Special<br>Funds | General<br>Fund      | Special<br>Funds |
| Transfers Per Section 12.20, Budget Act of 1998.....  | -                 | -                | \$184                | -                | -                    | -                |
| Transfers Per Section 12.20, Budget Acts of 1998 and<br>1999 .....  | -                 | -                | 89                   | -                | -                    | -                |
| Fram Alcahal Beverage Control Fund (0081)<br>to General Fund (0001)<br>(Per Business and Professians Cade Section 25761) ..   | \$4,573           | -                | 3,000                | -                | \$3,000              | -                |
| Fram Radan Contractor Certification Fund (0092)<br>to General Fund (0001)<br>(Per Health and Safety Cade Section 106805) .....  | 48                | -                | 3                    | -                | -                    | -                |
| Fram Water Fund, California (0144)<br>to General Fund (0001)<br>(Per Item 3860-012-0144, Budget Act of 1997) .....  | 13,200            | -                | -                    | -                | -                    | -                |
| Fram Energy and Resaources Fund (0188)<br>to General Fund (0001)<br>(Per Chapter 908, Statutes af 1980).....  | 595               | -                | 441                  | -                | 470                  | -                |
| Fram Fair and Exposition Fund (0191)<br>to General Fund (0001)<br>(Per Item 8570-011-0191, Budget Acts af 1997, 1998,<br>and 1999) .....  | 246               | -                | 246                  | -                | 246                  | -                |
| Fram Business Fees Fund, Secretary af State's (0228)<br>to General Fund (0001)<br>(Per Government Cade Section 12181).....  | 4,412             | -                | 9,398                | -                | 9,821                | -                |
| Fram Matar Carriers Permit Fund (0292)<br>to General Fund (0001)<br>(Per Chapter 1042, Statutes af 1996).....   | 3,258             | -                | 2,960                | -                | 3,103                | -                |
| Fram Higher Education Earthquake Account 1987<br>(0377)<br>to General Fund (0001)<br>(Per Item 6610-495, Budget Act of 1999) .....  | -                 | -                | -                    | -                | 22                   | -                |
| Fram Environmental License Plate Fund, California<br>(0140)<br>to Matar Vehicle Account, State Transpartation Fund<br>(0044)<br>(Per Public Resaources Code Section 21191)..... | -                 | \$3,546          | -                    | \$3,890          | -                    | \$3,890          |
| <b>TOTALS .....</b>   | <b>\$26,332</b>   | <b>\$3,546</b>   | <b>\$16,321</b>      | <b>\$3,890</b>   | <b>\$16,662</b>      | <b>\$3,890</b>   |

**Schedule 12-E**  
**STATE APPROPRIATIONS LIMIT**  
**EXCLUDED APPROPRIATIONS**  
(In Millions)

| <u>Budget</u>   | <u>Fund</u> | <u>Actual<br/>1997-98</u> | <u>Estimated<br/>1998-99</u> | <u>Estimated<br/>1999-00</u> |
|---|-------------|---------------------------|------------------------------|------------------------------|
| <b>DEBT SERVICE:</b>  |             |                           |                              |                              |
| 9600 Bond Interest and Redemption<br>(9600-510-0001)  | General     | \$1,865                   | \$1,926                      | \$2,110                      |
| (9590-501-0001)   | General     | 8                         | 9                            | 9                            |
| 3960 Chapter 376, Statutes of 1984 Taxes<br>(3960-535-0484)                                     | Special     | 6                         | 6                            | 6                            |
| <b>TOTAL DEBT SERVICE</b>   |             | <b>\$1,879</b>            | <b>\$1,941</b>               | <b>\$2,125</b>               |
| <b>CAPITAL OUTLAY:</b>  |             |                           |                              |                              |
| Various   | General     | \$81                      | \$442                        | \$287                        |
| Various (excludes Prop 111 Capital Outlay)  | Special     | 66                        | 70                           | 42                           |
| Lease-Revenue Bonds (Capital Outlay)  | General     | 358                       | 458                          | 515                          |
| Lease-Revenue Bonds (Capital Outlay)  | Special     | 42                        | 43                           | 45                           |
| <b>TOTAL CAPITAL OUTLAY</b>   |             | <b>\$547</b>              | <b>\$1,013</b>               | <b>\$889</b>                 |
| <b>SUBVENTIONS:</b>   |             |                           |                              |                              |
| 6110 K-12 Appartianments<br>(6110-601-0001)   | General     | \$11,403                  | \$12,244                     | \$12,622                     |
| 6110 Cauntly Offices<br>(6110-608-0001)   | General     | 157                       | 167                          | 184                          |
| 6870 Cammunity Calleges<br>(6870-101-0001)  | General     | 1,551                     | 1,735                        | 1,813                        |
| <b>SUBVENTIONS—EDUCATION</b>  |             | <b>\$13,111</b>           | <b>\$14,146</b>              | <b>\$14,619</b>              |
| 5195 State-Lacal Realignment  |             |                           |                              |                              |
| Vehicle License Collection Accaunt  | Special     | \$14                      | \$14                         | \$14                         |
| Vehicle License Fees  | Special     | 932                       | 863                          | 792                          |
| (9100-602-0001) Vehicle License Fee Gen-<br>eral Fund backfill (Realignment)                    | General     | -                         | 135                          | 261                          |
| 9100 Tax Relief<br>(9100-101-0001)  | General     | 435                       | 446                          | 515                          |
| Renter's Tax Credit   | General     | 1                         | -                            | -                            |
| 9210 Lacal Gavernment Financing<br>(9210-103-0001)  | General     | 2                         | 2                            | 2                            |
| (9210-603-0001)   | General     | 3                         | 3                            | 3                            |
| 9350 Shared Revenues<br>(9430-640-0064)   | Special     | 2,698                     | 2,446                        | 2,220                        |
| (9100-603-0001) Vehicle License Fee Gen-<br>eral Fund backfill (Shared Revenue)                 | General     | -                         | 422                          | 818                          |
| <b>SUBVENTIONS—OTHER</b>  |             | <b>\$4,085</b>            | <b>\$4,331</b>               | <b>\$4,625</b>               |
| <b>COURT AND FEDERAL MANDATES:</b>  |             |                           |                              |                              |
| 6110 K-12 Desegregation<br>(6110-114-0001)  | General     | \$471                     | \$493                        | \$507                        |
| (6110-115-0001)   | General     | 118                       | 142                          | 141                          |
| 6110 K-12 Medicare  | General     | 45                        | 45                           | 45                           |
| 6300 Contribution ta State Teachers Retire-<br>ment System<br>(6300-602-0001 and 6300-604-0001) | General     | 587                       | 209                          | -                            |
| 6870 Cammunity Calleges Medicare  | General     | 5                         | 5                            | 5                            |
| Federal (Various Health and Welfare)  | General     | 1,412                     | 1,557                        | 1,640                        |
| <b>TOTAL MANDATES</b>   |             | <b>\$2,638</b>            | <b>\$2,451</b>               | <b>\$2,338</b>               |
| <b>PROPOSITION 111:</b>   |             |                           |                              |                              |
| Matar Vehicle Fuel Tax: Gasoline  | Special     | \$1,267                   | \$1,291                      | \$1,315                      |
| Matar Vehicle Fuel Tax: Diesel  | Special     | 192                       | 199                          | 205                          |
| Weight Fee Revenue  | Special     | 200                       | 206                          | 210                          |
| <b>TOTAL PROPOSITION 111</b>  |             | <b>\$1,659</b>            | <b>\$1,696</b>               | <b>\$1,730</b>               |
| <b>TOTAL EXCLUSIONS:</b>  |             |                           |                              |                              |
| General Fund  |             | \$23,919                  | \$25,578                     | \$26,326                     |
| Special Funds   |             | \$18,502                  | \$20,440                     | \$21,477                     |
|   |             | \$5,417                   | \$5,138                      | \$4,849                      |













